FIRST BASE PROSPECTUS SUPPLEMENT, DATED NOVEMBER 20, 2012

MetLife Institutional Funding II

$7,000,000,000 Global Medium Term Note Issuance Program

This supplement (the "**First Base Prospectus Supplement**") is supplemental to and must be read in conjunction with the Offering Circular, dated September 7, 2012 (the "**Base Prospectus**"), prepared by MetLife Institutional Funding II (the "**Issuer**") under the Issuer's global medium term note issuance program for the issuance of senior secured medium term notes (the "**Notes**").

This First Base Prospectus Supplement has been approved by the Central Bank of Ireland, as competent authority under Directive 2003/71/EC (the "**Prospectus Directive**"). The Central Bank of Ireland only approves this First Base Prospectus Supplement as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive.

This document constitutes a Base Prospectus Supplement for the purposes of Article 16 of the Prospectus Directive. References herein to this document are to this First Base Prospectus Supplement incorporating Annex I hereto.

This First Base Prospectus Supplement contains a report of MetLife Insurance Company of Connecticut ("**MICC**") on Form 10-Q filed with the United States Securities and Exchange Commission on November 13, 2012, attached as Annex I hereto, which contains certain updated risk factors and unaudited interim condensed consolidated financial statements of MICC and its consolidated subsidiaries as of September 30, 2012 and for the nine months ended September 30, 2012 and 2011 (including any notes thereto, the "**Consolidated Financial Statements**"), together with Management's Discussion and Analysis of Financial Condition and Results of Operations relating to such Consolidated Financial Statements.

Except as disclosed in this First Base Prospectus Supplement, there has been no significant new factor, material mistake or inaccuracy relating to the information included in the Base Prospectus since the publication of the Base Prospectus. Where there is any inconsistency among the Base Prospectus and this First Base Prospectus Supplement, language used in this First Base Prospectus Supplement shall prevail.

Each of the Issuer and MICC accepts responsibility for the information contained in this First Base Prospectus Supplement. To the best of the knowledge of each of the Issuer and MICC (having taken all reasonable care to ensure that such is the case) the information contained in this First Base Prospectus Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

ANNEX I

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2012

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM TO

Commission file number: 33-03094

MetLife Insurance Company of Connecticut
(Exact name of registrant as specified in its charter)

Connecticut	**06-0566090**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
1300 Hall Boulevard, Bloomfield, Connecticut	**06002**
(Address of principal executive offices)	*(Zip Code)*

(860) 656-3000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐		Accelerated filer ☐
Non-accelerated filer ☑	(Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

At November 13, 2012, 34,595,317 shares of the registrant's common stock, $2.50 par value per share, were outstanding, of which 30,000,000 shares were owned directly by MetLife, Inc. and the remaining 4,595,317 shares were owned by MetLife Investors Group, Inc., a wholly-owned subsidiary of MetLife, Inc.

REDUCED DISCLOSURE FORMAT

The registrant meets the conditions set forth in General Instruction H(1)(a) and (b) of Form 10-Q and is, therefore, filing this Form 10-Q with the reduced disclosure format.

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As used in this Form 10-Q, "MICC," the "Company," "we," "our" and "us" refer to MetLife Insurance Company of Connecticut, a Connecticut corporation incorporated in 1863, and its subsidiaries, including MetLife Investors USA Insurance Company ("MLI-USA"). MetLife Insurance Company of Connecticut is a wholly-owned subsidiary of MetLife, Inc. ("MetLife").

Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q, including Management's Discussion and Analysis of Financial Condition and Results of Operations, may contain or incorporate by reference information that includes or is based upon forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give expectations or forecasts of future events. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They use words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe" and other words and terms of similar meaning in connection with a discussion of future operating or financial performance. In particular, these include statements relating to future actions, prospective services or products, future performance or results of current and anticipated services or products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, trends in operations and financial results.

Any or all forward-looking statements may turn out to be wrong. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many such factors will be important in determining the actual future results of MetLife Insurance Company of Connecticut and its subsidiaries. These statements are based on current expectations and the current economic environment. They involve a number of risks and uncertainties that are difficult to predict. These statements are not guarantees of future performance. Actual results could differ materially from those expressed or implied in the forward-looking statements. Risks, uncertainties, and other factors that might cause such differences include the risks, uncertainties and other factors identified in MetLife Insurance Company of Connecticut's filings with the U.S. Securities and Exchange Commission (the "SEC"). These factors include: (1) difficult conditions in the global capital markets; (2) concerns over U.S. fiscal policy and the "fiscal cliff" in the U.S., as well as rating agency downgrades of U.S. Treasury securities; (3) uncertainty about the effectiveness of governmental and regulatory actions to stabilize the financial system, the imposition of fees relating thereto, or the promulgation of additional regulations; (4) increased volatility and disruption of the capital and credit markets, which may affect our ability to seek financing or access MetLife's credit facilities; (5) impact of comprehensive financial services regulation reform, including regulation of MetLife by the Federal Reserve, on us; (6) exposure to financial and capital market risk, including as a result of the disruption in Europe and possible withdrawal of one or more countries from the Euro zone; (7) changes in general economic conditions, including the performance of financial markets and interest rates, which may affect our ability to raise capital, generate fee income and market-related revenue and finance statutory reserve requirements and may require us to pledge collateral or make payments related to declines in value of specified assets; (8) potential liquidity and other risks resulting from our participation in a securities lending program and other transactions; (9) investment losses and defaults, and changes to investment valuations; (10) impairments of goodwill and realized losses or market value impairments to illiquid assets; (11) defaults on our mortgage loans; (12) the defaults or deteriorating credit of other financial institutions that could adversely affect us; (13) our ability to address unforeseen liabilities, asset impairments, or rating actions arising from acquisitions or dispositions and to successfully integrate and manage the growth of acquired businesses with minimal disruption; (14) economic, political, legal, currency and other risks relating to our international operations, including with respect to fluctuations of exchange rates; (15) downgrades in our claims paying ability, financial strength ratings or MetLife's credit ratings; (16) ineffectiveness of MetLife's risk management policies and procedures; (17) availability and effectiveness of reinsurance or indemnification arrangements, as well as default or failure of counterparties to perform; (18) discrepancies between actual claims experience and assumptions used in setting prices for our products and establishing the liabilities for our obligations for future policy benefits and claims; (19) catastrophe losses; (20) heightened competition, including with respect to pricing, entry of new competitors, consolidation of distributors, the development of new products by new and existing competitors, distribution of amounts available under U.S. government programs, and for personnel; (21) unanticipated changes in industry trends; (22) changes in assumptions related to investment valuations, deferred policy acquisition costs, deferred sales inducements, value of business acquired or goodwill; (23) changes in accounting standards, practices and/or policies; (24) increased expenses relating to pension and postretirement benefit plans for employees and retirees of MetLife and its subsidiaries, as well as health care and other employee benefits; (25) exposure to losses related to variable annuity guarantee benefits, including from significant and sustained downturns or extreme volatility in equity markets, reduced interest rates, unanticipated policyholder behavior, mortality or longevity, and the adjustment for nonperformance risk; (26) adverse results or other consequences from litigation, arbitration or regulatory investigations; (27) inability to protect our intellectual property rights or claims of infringement of the intellectual property rights of others; (28) discrepancies between actual experience and assumptions used in establishing liabilities related to other contingencies or obligations; (29) regulatory, legislative or tax changes that may affect the cost of, or demand for, our products or services, or increase the cost or administrative burdens of providing benefits to the employees who conduct our business; (30) the effects of business disruption or economic contraction due to disasters such as terrorist attacks, cyberattacks, other hostilities, or natural catastrophes, including any related impact on our disaster recovery systems, cyber- or other information security systems and management continuity planning; (31) the effectiveness of our programs and practices in avoiding giving our associates incentives to take excessive risks; and (32) other risks and uncertainties described from time to time in MetLife Insurance Company of Connecticut's filings with the SEC.

MetLife Insurance Company of Connecticut does not undertake any obligation to publicly correct or update any forward-looking statement if MetLife Insurance Company of Connecticut later becomes aware that such statement is not likely to be achieved. Please consult any further disclosures MetLife Insurance Company of Connecticut makes on related subjects in reports to the SEC.

Note Regarding Reliance on Statements in Our Contracts

See "Exhibit Index — Note Regarding Reliance on Statements in Our Contracts" for information regarding agreements included as exhibits to this Quarterly Report on Form 10-Q.

Part I — Financial Information

Item 1. *Financial Statements*

MetLife Insurance Company of Connecticut
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Interim Condensed Consolidated Balance Sheets
September 30, 2012 (Unaudited) and December 31, 2011

(In millions, except share and per share data)

	September 30, 2012	December 31, 2011
Assets		
Investments:		
Fixed maturity securities available-for-sale, at estimated fair value (amortized cost: $47,307 and $44,215, respectively)	$ 52,485	$ 47,781
Equity securities available-for-sale, at estimated fair value (cost: $293 and $295, respectively)	289	252
Other securities, at estimated fair value	8	3,665
Mortgage loans (net of valuation allowances of $41 and $61, respectively; includes $2,879 and $3,138, respectively, at estimated fair value, relating to variable interest entities)	9,394	9,800
Policy loans	1,227	1,203
Real estate and real estate joint ventures	540	503
Other limited partnership interests	1,839	1,696
Short-term investments, principally at estimated fair value	1,935	2,578
Other invested assets, principally at estimated fair value	3,140	3,354
Total investments	70,857	70,832
Cash and cash equivalents, principally at estimated fair value	1,316	745
Accrued investment income (includes $14 and $14, respectively, relating to variable interest entities)	628	568
Premiums, reinsurance and other receivables	20,740	20,223
Deferred policy acquisition costs and value of business acquired	3,871	4,188
Current income tax recoverable	335	140
Goodwill	559	953
Other assets	810	856
Separate account assets	84,543	72,559
Total assets	$ 183,659	$ 171,064
Liabilities and Stockholders' Equity		
Liabilities		
Future policy benefits	$ 27,006	$ 25,483
Policyholder account balances	37,550	42,075
Other policy-related balances	3,132	2,989
Payables for collateral under securities loaned and other transactions	9,467	8,079
Long-term debt (includes $2,790 and $3,065, respectively, at estimated fair value, relating to variable interest entities)	3,582	3,857
Deferred income tax liability	1,542	935
Other liabilities (includes $14 and $14, respectively, relating to variable interest entities)	6,195	5,384
Separate account liabilities	84,543	72,559
Total liabilities	173,017	161,361
Contingencies, Commitments and Guarantees (Note 9)		
Stockholders' Equity		
Common stock, par value $2.50 per share; 40,000,000 shares authorized; 34,595,317 shares issued and outstanding at September 30, 2012 and December 31, 2011	86	86
Additional paid-in capital	6,692	6,673
Retained earnings	1,339	1,173
Accumulated other comprehensive income (loss)	2,525	1,771
Total stockholders' equity	10,642	9,703
Total liabilities and stockholders' equity	$ 183,659	$ 171,064

See accompanying notes to the interim condensed consolidated financial statements.

MetLife Insurance Company of Connecticut
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Interim Condensed Consolidated Statements of Operations and Comprehensive Income
For the Three Months and Nine Months Ended September 30, 2012 and 2011 (Unaudited)

(In millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Revenues				
Premiums	$ 284	$ 484	$ 1,070	$ 1,261
Universal life and investment-type product policy fees	572	487	1,691	1,435
Net investment income	675	651	2,223	2,232
Other revenues	137	123	385	384
Net investment gains (losses):				
Other-than-temporary impairments on fixed maturity securities	(19)	(5)	(50)	(35)
Other-than-temporary impairments on fixed maturity securities transferred to other comprehensive income (loss)	6	(9)	8	(5)
Other net investment gains (losses)	17	72	121	57
Total net investment gains (losses)	4	58	79	17
Net derivative gains (losses)	(98)	882	45	859
Total revenues	1,574	2,685	5,493	6,188
Expenses				
Policyholder benefits and claims	550	737	1,775	1,882
Interest credited to policyholder account balances	276	162	882	753
Goodwill impairment	394	—	394	—
Other expenses	547	963	1,891	2,217
Total expenses	1,767	1,862	4,942	4,852
Income (loss) before provision for income tax	(193)	823	551	1,336
Provision for income tax expense (benefit)	(189)	261	38	415
Net income (loss)	$ (4)	$ 562	$ 513	$ 921
Comprehensive income (loss)	$ 338	$ 1,840	$ 1,210	$ 2,496

See accompanying notes to the interim condensed consolidated financial statements.

MetLife Insurance Company of Connecticut
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Interim Condensed Consolidated Statements of Stockholders' Equity
For the Nine Months Ended September 30, 2012 and 2011 (Unaudited)

(In millions)

				Accumulated Other Comprehensive Income (Loss)			
	Common Stock	Additional Paid-in Capital	Retained Earnings	Net Unrealized Investment Gains (Losses)	Other-Than-Temporary Impairments	Foreign Currency Translation Adjustments	Total Equity
Balance at December 31, 2011	$ 86	$ 6,673	$ 1,173	$ 1,984	$ (74)	$ (139)	$ 9,703
Dividend of subsidiary (Note 2)			(347)	(2)		59	(290)
Capital contribution		19					19
Net income			513				513
Other comprehensive income (loss), net of income tax				635	26	36	697
Balance at September 30, 2012	$ 86	$ 6,692	$ 1,339	$ 2,617	$ (48)	$ (44)	$ 10,642

				Accumulated Other Comprehensive Income (Loss)			
	Common Stock	Additional Paid-in Capital	Retained Earnings	Net Unrealized Investment Gains (Losses)	Other-Than-Temporary Impairments	Foreign Currency Translation Adjustments	Total Equity
Balance at December 31, 2010	$ 86	$ 6,719	$ 934	$ 388	$ (51)	$ (125)	$ 7,951
Cumulative effect of change in accounting principle, net of income tax (Note 1)			(477)	5			(472)
Balance at January 1, 2011	86	6,719	457	393	(51)	(125)	7,479
Capital contribution		1					1
Return of capital		(47)					(47)
Net income			921				921
Other comprehensive income (loss), net of income tax				1,591	(17)	1	1,575
Balance at September 30, 2011	$ 86	$ 6,673	$ 1,378	$ 1,984	$ (68)	$ (124)	$ 9,929

See accompanying notes to the interim condensed consolidated financial statements.

MetLife Insurance Company of Connecticut
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Interim Condensed Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2012 and 2011 (Unaudited)

(In millions)

	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Net cash provided by operating activities	$ 1,457	$ 550
Cash flows from investing activities		
Sales, maturities and repayments of:		
Fixed maturity securities	9,149	13,497
Equity securities	33	148
Mortgage loans	970	793
Real estate and real estate joint ventures	23	22
Other limited partnership interests	137	194
Purchases of:		
Fixed maturity securities	(12,085)	(13,970)
Equity securities	(30)	(7)
Mortgage loans	(524)	(844)
Real estate and real estate joint ventures	(67)	(66)
Other limited partnership interests	(238)	(264)
Cash received in connection with freestanding derivatives	437	376
Cash paid in connection with freestanding derivatives	(275)	(371)
Dividend of subsidiary	(53)	—
Net change in policy loans	(24)	(3)
Net change in short-term investments	487	(1,769)
Net change in other invested assets	(42)	(538)
Other, net	—	1
Net cash used in investing activities	(2,102)	(2,801)
Cash flows from financing activities		
Policyholder account balances:		
Deposits	12,433	15,211
Withdrawals	(12,397)	(13,982)
Net change in payables for collateral under securities loaned and other transactions	1,388	363
Long-term debt repaid	(268)	(342)
Return of capital	—	(47)
Financing element on certain derivative instruments	54	81
Net cash provided by financing activities	1,210	1,284
Effect of change in foreign currency exchange rates on cash and cash equivalents balances	6	3
Change in cash and cash equivalents	571	(964)
Cash and cash equivalents, beginning of period	745	1,928
Cash and cash equivalents, end of period	$ 1,316	$ 964
Supplemental disclosures of cash flow information:		
Net cash paid during the period for:		
Interest	$ 159	$ 329
Income tax	$ 69	$ 21
Non-cash transactions during the period:		
Disposal of subsidiary (1):		
Assets disposed	$ 4,857	$ —
Liabilities disposed	(4,567)	—
Net assets disposed	290	—
Cash disposed	(53)	—
Dividend of interests in subsidiary	(237)	—
(Gain) loss on dividend of interests in subsidiary	$ —	$ —
Capital contribution from MetLife, Inc.	$ 19	$ —

(1) See Note 2.

See accompanying notes to the interim condensed consolidated financial statements.

MetLife Insurance Company of Connecticut
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

1. Business, Basis of Presentation and Summary of Significant Accounting Policies

Business

"MICC" or the "Company" refers to MetLife Insurance Company of Connecticut, a Connecticut corporation incorporated in 1863, and its subsidiaries, including MetLife Investors USA Insurance Company ("MLI-USA"). MetLife Insurance Company of Connecticut is a wholly-owned subsidiary of MetLife, Inc. ("MetLife"). The Company offers individual annuities, individual life insurance, and institutional protection and asset accumulation products.

The Company is organized into two segments: Retail and Corporate Benefit Funding. See Note 12 for information on the reorganization of the Company's segments and continued realignment of certain products and businesses among its existing segments during 2012, which were retrospectively applied.

Basis of Presentation

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to adopt accounting policies and make estimates and assumptions that affect amounts reported in the interim condensed consolidated financial statements.

In applying the Company's accounting policies, management makes subjective and complex judgments that frequently require estimates about matters that are inherently uncertain. Many of these policies, estimates and related judgments are common in the insurance and financial services industries; others are specific to the Company's business and operations. Actual results could differ from these estimates.

The accompanying interim condensed consolidated financial statements include the accounts of MetLife Insurance Company of Connecticut and its subsidiaries, as well as partnerships and joint ventures in which the Company has control, and variable interest entities ("VIEs") for which the Company is the primary beneficiary. Intercompany accounts and transactions have been eliminated.

The Company uses the equity method of accounting for investments in equity securities in which it has a significant influence or more than a 20% interest and for real estate joint ventures and other limited partnership interests in which it has more than a minor ownership interest or more than a minor influence over the joint venture's or partnership's operations, but does not have a controlling interest and is not the primary beneficiary. The Company uses the cost method of accounting for investments in real estate joint ventures and other limited partnership interests in which it has a minor equity investment and virtually no influence over the joint venture's or the partnership's operations.

Certain amounts in the prior year periods' interim condensed consolidated financial statements and related footnotes thereto have been reclassified to conform with the 2012 presentation as discussed throughout the Notes to the Interim Condensed Consolidated Financial Statements. See "— Adoption of New Accounting Pronouncements" for discussion of accounting pronouncements adopted in the first quarter of 2012, which were retrospectively applied.

Since the Company is a member of a controlled group of affiliated companies, its results may not be indicative of those of a stand-alone entity.

The accompanying interim condensed consolidated financial statements are unaudited and reflect all adjustments (including normal recurring adjustments) necessary to present fairly the consolidated financial position of the Company at September 30, 2012, its consolidated results of operations and comprehensive income for the three months and nine months ended September 30, 2012 and 2011, its consolidated statements of stockholders' equity for the nine months ended September 30, 2012 and 2011, and its consolidated statements of cash flows for the nine months ended September 30, 2012 and 2011, in conformity with GAAP. Interim results are not necessarily indicative of full year performance. The December 31, 2011 consolidated balance sheet data was derived from audited consolidated financial statements included in MetLife Insurance Company of Connecticut's Annual Report on Form 10-K for the year ended December 31, 2011, as revised by MetLife Insurance Company of Connecticut's Current Report on Form 8-K filed with the U.S. Securities and Exchange Commission ("SEC") on May 31, 2012 (as revised, the "2011 Annual Report"), which include all disclosures required by GAAP. Therefore, these interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the Company included in the 2011 Annual Report.

Adoption of New Accounting Pronouncements

Effective January 1, 2012, the Company adopted new guidance regarding comprehensive income that defers the effective date pertaining to reclassification adjustments out of accumulated other comprehensive income. The amendments in this guidance are being made to allow the Financial Accounting Standards Board ("FASB") time to re-deliberate whether to present on the face of the financial statements the effects of reclassifications out of accumulated other comprehensive income on the components of net income and other comprehensive income for all periods presented. All other requirements in the new comprehensive income standard are not affected by this guidance, including the requirement to report comprehensive income either in a single continuous financial statement or in two separate but consecutive financial statements on an annual basis.

On January 1, 2012, the Company adopted new guidance regarding comprehensive income, which was retrospectively applied, that provides companies with the option to present the total of comprehensive income, components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements in annual financial statements. The objective of the standard is to increase the prominence of items reported in other comprehensive income and to facilitate convergence of GAAP and International Financial Reporting Standards ("IFRS"). The standard eliminates the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity. The amendments in this guidance do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified in net income. The Company adopted the two-statement approach for annual financial statements.

Effective January 1, 2012, the Company adopted new guidance on goodwill impairment testing that simplifies how an entity tests goodwill for impairment. This new guidance allows an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value as a basis for determining whether it needs to perform the quantitative two-step goodwill impairment test. Only if an entity determines, based on qualitative assessment, that it is more likely than not that a reporting unit's fair value is less than its carrying value will it be required to calculate the fair value of the reporting unit. The adoption did not have a material impact on the Company's consolidated financial statements.

Effective January 1, 2012, the Company adopted new guidance regarding fair value measurements that establishes common requirements for measuring fair value and for disclosing information about fair value measurements in accordance with GAAP and IFRS. Some of the amendments clarify the FASB's intent on the application of existing fair value measurement requirements. Other amendments change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The adoption did not have a material impact on the Company's consolidated financial statements. See also expanded disclosures in Note 5.

Effective January 1, 2012, the Company adopted new guidance regarding effective control in repurchase agreements. The guidance removes from the assessment of effective control the criterion requiring the transferor to have the ability to repurchase or redeem the financial assets. The adoption did not have a material impact on the Company's consolidated financial statements.

On January 1, 2012, the Company adopted new guidance regarding accounting for deferred policy acquisition costs ("DAC"), which was retrospectively applied. The guidance specifies that only costs related directly to successful acquisition of new or renewal contracts can be capitalized as DAC; all other acquisition-related costs must be expensed as incurred. Under the new guidance, advertising costs may only be included in DAC if the capitalization criteria in the direct-response advertising guidance in Subtopic 340-20, *Other Assets and Deferred Costs—Capitalized Advertising Costs*, are met. As a result, certain direct marketing, sales manager compensation and administrative costs previously capitalized by the Company will no longer be deferred.

The following table presents the effects of the retrospective application of the adoption of such new accounting guidance to the Company's previously reported consolidated statements of operations and comprehensive income:

	Three Months Ended September 30, 2011			Nine Months Ended September 30, 2011		
	As Previously Reported	Adjustment	As Adjusted	As Previously Reported	Adjustment	As Adjusted
	(In millions)					
Revenues						
Net investment income	$ 651	$ —	$ 651	$ 2,235	$ (3)	$ 2,232
Expenses						
Other expenses	$ 990	$ (27)	$ 963	$ 2,223	$ (6)	$ 2,217
Income (loss) before provision for income tax	$ 796	$ 27	$ 823	$ 1,333	$ 3	$ 1,336
Provision for income tax expense (benefit)	$ 251	$ 10	$ 261	$ 412	$ 3	$ 415
Net income (loss)	$ 545	$ 17	$ 562	$ 921	$ —	$ 921

The following table presents the effects of the retrospective application of the adoption of such new accounting guidance to the Company's previously reported consolidated statement of cash flows:

	Nine Months Ended September 30, 2011		
	As Previously Reported	Adjustment	As Adjusted
	(In millions)		
Net cash provided by operating activities	$ 554	$ (4)	$ 550
Net change in other invested assets	$ (542)	$ 4	$ (538)

Future Adoption of New Accounting Pronouncements

In December 2011, the FASB issued new guidance regarding balance sheet offsetting disclosures (Accounting Standards Update ("ASU") 2011-11, *Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities),* effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. The guidance should be applied retrospectively for all comparative periods presented. The amendments in ASU 2011-11 require an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effects of those arrangements on its financial position. Entities are required to disclose both gross information and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. The objective of ASU 2011-11 is to facilitate comparison between those entities that prepare their financial statements on the basis of GAAP and those entities that prepare their financial statements on the basis of IFRS. The Company is currently evaluating the impact of this guidance on its consolidated financial statements and related disclosures.

2. Disposition

During June 2012, the Company dividended all of the issued and outstanding shares of common stock of its wholly-owned subsidiary, MetLife Europe Limited ("MetLife Europe") to MetLife. The net book value of MetLife Europe at the time of the dividend was $290 million which was recorded as a dividend of retained earnings of $347 million and an increase to other comprehensive income of $57 million, net of income tax. As of the date of dividend, the Company no longer consolidates the assets, liabilities and operations of MetLife Europe. The net income of MetLife Europe was not material to the Company for the periods prior to dividend. The results of MetLife Europe were reported in Corporate & Other. See Note 12 for a discussion of Corporate & Other.

3. Investments

Fixed Maturity and Equity Securities Available-for-Sale

Presented below is certain information about fixed maturity and equity securities for the periods shown. The unrealized loss amounts presented below include the noncredit loss component of other-than-temporary impairment ("OTTI") losses:

	September 30, 2012					
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Temporary Losses	Gross Unrealized OTTI Losses	Estimated Fair Value	% of Total
	(In millions)					
Fixed Maturity Securities:						
U.S. corporate securities	$ 16,778	$ 2,125	$ 96	$ —	$ 18,807	35.8 %
U.S. Treasury and agency securities	8,755	1,279	—	—	10,034	19.1
Foreign corporate securities	8,191	862	34	—	9,019	17.2
Residential mortgage-backed securities ("RMBS")	5,895	399	57	83	6,154	11.7
Commercial mortgage-backed securities ("CMBS")	2,322	149	10	—	2,461	4.7
State and political subdivision securities	1,983	353	27	—	2,309	4.4
Asset-backed securities ("ABS")	2,232	65	21	—	2,276	4.4
Foreign government securities	1,151	276	2	—	1,425	2.7
Total fixed maturity securities	$ 47,307	$ 5,508	$ 247	$ 83	$ 52,485	100.0 %
Equity Securities:						
Common stock	$ 140	$ 15	$ 4	$ —	$ 151	52.2 %
Non-redeemable preferred stock	153	9	24	—	138	47.8
Total equity securities	$ 293	$ 24	$ 28	$ —	$ 289	100.0 %

	December 31, 2011					
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Temporary Losses	Gross Unrealized OTTI Losses	Estimated Fair Value	% of Total
	(In millions)					
Fixed Maturity Securities:						
U.S. corporate securities	$ 16,018	$ 1,550	$ 229	$ —	$ 17,339	36.3 %
U.S. Treasury and agency securities	6,832	1,217	1	—	8,048	16.8
Foreign corporate securities	7,958	649	114	—	8,493	17.8
RMBS	6,478	330	189	125	6,494	13.6
CMBS	2,128	115	16	—	2,227	4.7
State and political subdivision securities	1,891	222	58	—	2,055	4.3
ABS	1,875	45	42	—	1,878	3.9
Foreign government securities	1,035	215	3	—	1,247	2.6
Total fixed maturity securities	$ 44,215	$ 4,343	$ 652	$ 125	$ 47,781	100.0 %
Equity Securities:						
Common stock	$ 148	$ 11	$ 13	$ —	$ 146	57.9 %
Non-redeemable preferred stock	147	3	44	—	106	42.1
Total equity securities	$ 295	$ 14	$ 57	$ —	$ 252	100.0 %

The Company held non-income producing fixed maturity securities with an estimated fair value of $21 million and $5 million with unrealized gains (losses) of less than ($1) million and ($2) million at September 30, 2012 and December 31, 2011, respectively.

Concentrations of Credit Risk — Summary. The Company was not exposed to any concentrations of credit risk of any single issuer within its fixed maturity securities and equity securities greater than 10% of the Company's stockholders' equity, other than U.S. Treasury and agency securities summarized in the table below at:

	September 30, 2012	December 31, 2011
	Carrying Value (1)	
	(In millions)	
U.S. Treasury and agency securities included in:		
Fixed maturity securities	$ 10,034	$ 8,048
Short-term investments	1,494	2,186
Cash equivalents	861	108
Total U.S. Treasury and agency securities	$ 12,389	$ 10,342

(1) Represents estimated fair value for fixed maturity securities, and for short-term investments and cash equivalents, estimated fair value or amortized cost, which approximates estimated fair value.

Maturities of Fixed Maturity Securities. The amortized cost and estimated fair value of fixed maturity securities, by contractual maturity date (excluding scheduled sinking funds), were as follows at:

	September 30, 2012		December 31, 2011	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
	(In millions)			
Due in one year or less	$ 3,555	$ 3,583	$ 2,946	$ 2,970
Due after one year through five years	10,805	11,357	8,648	9,022
Due after five years through ten years	8,008	9,036	7,905	8,606
Due after ten years	14,490	17,618	14,235	16,584
Subtotal	36,858	41,594	33,734	37,182
RMBS, CMBS and ABS	10,449	10,891	10,481	10,599
Total fixed maturity securities	$ 47,307	$ 52,485	$ 44,215	$ 47,781

Actual maturities may differ from contractual maturities due to the exercise of call or prepayment options. Fixed maturity securities not due at a single maturity date have been included in the above table in the year of final contractual maturity. RMBS, CMBS and ABS are shown separately in the table, as they are not due at a single maturity.

Evaluating Available-for-Sale Securities for Other-Than-Temporary Impairment

As described more fully in Note 1 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report, the Company performs a regular evaluation, on a security-by-security basis, of its available-for-sale securities holdings, including fixed maturity securities, equity securities and perpetual hybrid securities, in accordance with its impairment policy in order to evaluate whether such investments are other-than-temporarily impaired.

Net Unrealized Investment Gains (Losses)

The components of net unrealized investment gains (losses), included in accumulated other comprehensive income (loss), were as follows at:

	September 30, 2012	December 31, 2011
	(In millions)	
Fixed maturity securities	$ 5,251	$ 3,690
Fixed maturity securities with noncredit OTTI losses in accumulated other comprehensive income (loss)	(83)	(125)
Total fixed maturity securities	5,168	3,565
Equity securities	3	(41)
Derivatives	286	239
Short-term investments	(1)	(2)
Other	(14)	(5)
Subtotal	5,442	3,756
Amounts allocated from:		
Insurance liability loss recognition	(768)	(325)
DAC and value of business acquired ("VOBA") related to noncredit OTTI losses recognized in accumulated other comprehensive income (loss)	7	9
DAC and VOBA	(717)	(509)
Subtotal	(1,478)	(825)
Deferred income tax benefit (expense) related to noncredit OTTI losses recognized in accumulated other comprehensive income (loss)	28	42
Deferred income tax benefit (expense)	(1,423)	(1,063)
Net unrealized investment gains (losses)	$ 2,569	$ 1,910

The changes in fixed maturity securities with noncredit OTTI losses included in accumulated other comprehensive income (loss), were as follows:

	Nine Months Ended September 30, 2012	Year Ended December 31, 2011
	(In millions)	
Balance, beginning of period	$ (125)	$ (86)
Noncredit OTTI losses recognized (1)	(8)	5
Securities sold with previous noncredit OTTI loss	17	26
Subsequent changes in estimated fair value	33	(70)
Balance, end of period	$ (83)	$ (125)

(1) Noncredit OTTI losses recognized, net of DAC, were ($8) million and $8 million for the nine months ended September 30, 2012 and year ended December 31, 2011, respectively.

The changes in net unrealized investment gains (losses) were as follows:

	Nine Months Ended September 30, 2012
	(In millions)
Balance, beginning of period	$ 1,910
Fixed maturity securities on which noncredit OTTI losses have been recognized	42
Unrealized investment gains (losses) during the period	1,644
Unrealized investment gains (losses) relating to:	
Insurance liability gain (loss) recognition	(443)
DAC and VOBA related to noncredit OTTI losses recognized in accumulated other comprehensive income (loss)	(2)
DAC and VOBA	(208)
Deferred income tax benefit (expense) related to noncredit OTTI losses recognized in accumulated other comprehensive income (loss)	(14)
Deferred income tax benefit (expense)	(360)
Balance, end of period	$ 2,569
Change in net unrealized investment gains (losses)	$ 659

Continuous Gross Unrealized Losses and OTTI Losses for Fixed Maturity and Equity Securities Available-for-Sale by Sector

Presented below is certain information about the estimated fair value and gross unrealized losses of fixed maturity and equity securities in an unrealized loss position. The unrealized loss amounts presented below include the noncredit component of OTTI loss. Fixed maturity securities on which a noncredit OTTI loss has been recognized in accumulated other comprehensive income (loss) are categorized by length of time as being "less than 12 months" or "equal to or greater than 12 months" in a continuous unrealized loss position based on the point in time that the estimated fair value initially declined to below the amortized cost basis and not the period of time since the unrealized loss was deemed a noncredit OTTI loss.

	September 30, 2012					
	Less than 12 Months		Equal to or Greater than 12 Months		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
	(In millions, except number of securities)					
Fixed Maturity Securities:						
U.S. corporate securities	$ 613	$ 13	$ 755	$ 83	$ 1,368	$ 96
U.S. Treasury and agency securities	400	—	—	—	400	—
Foreign corporate securities	281	7	241	27	522	34
RMBS	34	1	938	139	972	140
CMBS	38	1	120	9	158	10
State and political subdivision securities	39	1	75	26	114	27
ABS	180	—	327	21	507	21
Foreign government securities	109	2	—	—	109	2
Total fixed maturity securities	$ 1,694	$ 25	$ 2,456	$ 305	$ 4,150	$ 330
Equity Securities:						
Common stock	$ 27	$ 3	$ 5	$ 1	$ 32	$ 4
Non-redeemable preferred stock	3	—	55	24	58	24
Total equity securities	$ 30	$ 3	$ 60	$ 25	$ 90	$ 28
Total number of securities in an unrealized loss position	301		434			

	December 31, 2011					
	Less than 12 Months		Equal to or Greater than 12 Months		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
	(In millions, except number of securities)					
Fixed Maturity Securities:						
U.S. corporate securities	$ 1,699	$ 71	$ 786	$ 158	$ 2,485	$ 229
U.S. Treasury and agency securities	118	—	20	1	138	1
Foreign corporate securities	1,213	68	162	46	1,375	114
RMBS	784	114	972	200	1,756	314
CMBS	152	4	111	12	263	16
State and political subdivision securities	6	—	367	58	373	58
ABS	803	12	261	30	1,064	42
Foreign government securities	70	3	4	—	74	3
Total fixed maturity securities	$ 4,845	$ 272	$ 2,683	$ 505	$ 7,528	$ 777
Equity Securities:						
Common stock	$ 35	$ 13	$ —	$ —	$ 35	$ 13
Non-redeemable preferred stock	32	16	59	28	91	44
Total equity securities	$ 67	$ 29	$ 59	$ 28	$ 126	$ 57
Total number of securities in an unrealized loss position	808		479			

Aging of Gross Unrealized Losses and OTTI Losses for Fixed Maturity and Equity Securities Available-for-Sale

Presented below is certain information about the aging and severity of gross unrealized losses on fixed maturity and equity securities, including the portion of OTTI loss on fixed maturity securities recognized in accumulated other comprehensive income (loss) at:

	September 30, 2012					
	Cost or Amortized Cost		Gross Unrealized Losses		Number of Securities	
	Less than 20%	20% or more	Less than 20%	20% or more	Less than 20%	20% or more
	(In millions, except number of securities)					
Fixed Maturity Securities:						
Less than six months	$ 1,468	$ 35	$ 17	$ 10	170	11
Six months or greater but less than nine months	114	—	2	—	33	2
Nine months or greater but less than twelve months	135	5	4	1	78	2
Twelve months or greater	2,298	425	162	134	368	40
Total	$ 4,015	$ 465	$ 185	$ 145		
Percentage of amortized cost			5 %	31 %		
Equity Securities:						
Less than six months	$ 10	$ 5	$ —	$ 2	11	3
Six months or greater but less than nine months	1	—	—	—	3	—
Nine months or greater but less than twelve months	21	21	2	7	2	2
Twelve months or greater	22	38	1	16	10	5
Total	$ 54	$ 64	$ 3	$ 25		
Percentage of cost			6 %	39 %		

	December 31, 2011					
	Cost or Amortized Cost		Gross Unrealized Losses		Number of Securities	
	Less than 20%	20% or more	Less than 20%	20% or more	Less than 20%	20% or more
	(In millions, except number of securities)					
Fixed Maturity Securities:						
Less than six months	$ 4,205	$ 762	$ 137	$ 213	652	81
Six months or greater but less than nine months	507	137	36	42	91	13
Nine months or greater but less than twelve months	131	24	8	6	21	4
Twelve months or greater	2,180	359	197	138	373	40
Total	$ 7,023	$ 1,282	$ 378	$ 399		
Percentage of amortized cost			5 %	31 %		
Equity Securities:						
Less than six months	$ 59	$ 85	$ 6	$ 42	17	11
Six months or greater but less than nine months	—	—	—	—	—	—
Nine months or greater but less than twelve months	8	—	1	—	1	—
Twelve months or greater	14	17	1	7	6	4
Total	$ 81	$ 102	$ 8	$ 49		
Percentage of cost			10 %	48 %		

Equity securities with gross unrealized losses of 20% or more for twelve months or greater increased from $7 million at December 31, 2011 to $16 million at September 30, 2012. As shown in the section "— Evaluating Temporarily Impaired Available-for-Sale Securities" below, over 90% of the equity securities with gross unrealized losses of 20% or more for twelve months or greater at September 30, 2012 were financial services industry investment grade non-redeemable preferred stock, of which 67% were rated A or better.

Concentration of Gross Unrealized Losses and OTTI Losses for Fixed Maturity and Equity Securities Available-for-Sale

The gross unrealized losses related to fixed maturity and equity securities, including the portion of OTTI losses on fixed maturity securities recognized in accumulated other comprehensive income (loss) were $358 million and $834 million at September 30, 2012 and December 31, 2011, respectively. The concentration, calculated as a percentage of gross unrealized losses (including OTTI losses), by sector and industry was as follows at:

	September 30, 2012	December 31, 2011
Sector:		
RMBS	39 %	38 %
U.S. corporate securities	27	27
Foreign corporate securities	9	14
State and political subdivision securities	8	7
ABS	6	5
CMBS	3	2
Other	8	7
Total	100 %	100 %
Industry:		
Mortgage-backed	42 %	40 %
Finance	21	24
State and political subdivision securities	8	7
Asset-backed	6	5
Consumer	6	7
Utility	4	3
Communications	3	4
Industrial	1	1
Other	9	9
Total	100 %	100 %

Evaluating Temporarily Impaired Available-for-Sale Securities

The following table presents fixed maturity and equity securities, each with gross unrealized losses of greater than $10 million, the number of securities, total gross unrealized losses and percentage of total gross unrealized losses at:

	September 30, 2012		December 31, 2011	
	Fixed Maturity Securities	Equity Securities	Fixed Maturity Securities	Equity Securities
	(In millions, except number of securities)			
Number of securities	4	—	9	1
Total gross unrealized losses	$ 67	$ —	$ 152	$ 12
Percentage of total gross unrealized losses	20 %	— %	20 %	22 %

Fixed maturity and equity securities, each with gross unrealized losses greater than $10 million, decreased $97 million during the nine months ended September 30, 2012. The decline in, or improvement in, gross unrealized losses for the nine months ended September 30, 2012 was primarily attributable to narrowing credit spreads and a decrease in interest rates. These securities were included in the Company's OTTI review process.

As of September 30, 2012, $135 million of unrealized losses were from fixed maturity securities with an unrealized loss position of 20% or more of amortized cost for six months or greater. Of the $135 million, $93 million, or 69%, was related to unrealized losses on investment grade securities. Unrealized losses on investment grade securities were principally related to widening credit spreads or rising interest rates since purchase. Of the $135 million, $42 million, or 31%, was related to unrealized losses on below investment grade securities. Unrealized losses on below investment grade securities were principally related to non-agency RMBS (primarily alternative residential mortgage loans) and U.S. and foreign corporate securities (primarily financial services industry securities) and were the result of significantly wider credit spreads resulting from higher risk premiums since purchase, largely due to economic and market uncertainties including concerns over the financial services sector, unemployment levels and valuations of residential real estate supporting non-agency RMBS. See Note 1 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report for the factors management considers in evaluating these corporate and structured securities. See "— Aging of Gross Unrealized Losses and OTTI Losses for Fixed Maturity and Equity Securities Available-for-Sale" for a discussion of equity securities with an unrealized loss position of 20% or more of cost for 12 months or greater.

In the Company's impairment review process, the duration and severity of an unrealized loss position for equity securities are given greater weight and consideration than for fixed maturity securities. An extended and severe unrealized loss position on a fixed maturity security may not have any impact on the ability of the issuer to service all scheduled interest and principal payments and the Company's evaluation of recoverability of all contractual cash flows or the ability to recover an amount at least equal to its amortized cost based on the present value of the expected future cash flows to be collected. In contrast, for an equity security, greater weight and consideration are given by the Company to a decline in market value and the likelihood such market value decline will recover.

The following table presents certain information about the Company's equity securities available-for-sale with gross unrealized losses of 20% or more at September 30, 2012:

	All Equity Securities	Non-Redeemable Preferred Stock: All Types of Non-Redeemable Preferred Stock		Investment Grade: All Industries		Investment Grade: Financial Services Industry		
	Gross Unrealized Losses	Gross Unrealized Losses	% of All Equity Securities	Gross Unrealized Losses	% of All Non-Redeemable Preferred Stock	Gross Unrealized Losses	% of All Industries	% A Rated or Better
	(In millions)			(In millions)		(In millions)		
Less than six months	$ 2	$ 1	50 %	$ 1	100 %	$ 1	100 %	100 %
Six months or greater but less than twelve months	7	7	100 %	1	14 %	1	100 %	100 %
Twelve months or greater	16	16	100 %	15	94 %	15	100 %	67 %
All equity securities with gross unrealized losses of 20% or more	$ 25	$ 24	96 %	$ 17	71 %	$ 17	100 %	71 %

In connection with the equity securities impairment review process, the Company evaluated its holdings in non-redeemable preferred stock, particularly those in the financial services sector. The Company considered several factors including whether there has been any deterioration in credit of the issuer and the likelihood of recovery in value of non-redeemable preferred stock with a severe or an extended unrealized loss. The Company also considered whether any issuers of non-redeemable preferred stock with an unrealized loss held by the Company, regardless of credit rating, have deferred any dividend payments. No such dividend payments had been deferred.

With respect to common stock holdings, the Company considered the duration and severity of the unrealized losses for securities in an unrealized loss position of 20% or more; and the duration of unrealized losses for securities in an unrealized loss position of less than 20% in an extended unrealized loss position (i.e., 12 months or greater).

Based on the Company's current evaluation of available-for-sale securities in an unrealized loss position in accordance with its impairment policy, and the Company's current intentions and assessments (as applicable to the type of security) about holding, selling and any requirements to sell these securities, the Company has concluded that these securities are not other-than-temporarily impaired.

Future OTTIs will depend primarily on economic fundamentals, issuer performance (including changes in the present value of future cash flows expected to be collected), changes in credit ratings, changes in collateral valuation, changes in interest rates and changes in credit spreads. If economic fundamentals or any of the above factors deteriorate, additional OTTIs may be incurred in upcoming quarters.

Other Securities

The table below presents certain information about the Company's securities for which the fair value option ("FVO") has been elected at:

	September 30, 2012	December 31, 2011
	(In millions)	
FVO general account securities	$ 8	$ 49
FVO contractholder-directed unit-linked investments (1)	—	3,616
Total other securities — at estimated fair value	$ 8	$ 3,665

(1) During June 2012, the Company disposed of MetLife Europe which held the FVO contractholder-directed unit-linked investments. See Note 2. See Note 1 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report for a discussion of FVO contractholder-directed unit-linked investments.

See "— Net Investment Income" and "— Net Investment Gains (Losses)" for the net investment income recognized on other securities and the related changes in estimated fair value subsequent to purchase included in earnings for securities still held as of the end of the respective periods.

Net Investment Gains (Losses)

The components of net investment gains (losses) were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	(In millions)			
Total gains (losses) on fixed maturity securities:				
Total OTTI losses recognized	$ (19)	$ (5)	$ (50)	$ (35)
Less: Noncredit portion of OTTI losses transferred to and recognized in other comprehensive income (loss)	6	(9)	8	(5)
Net OTTI losses on fixed maturity securities recognized in earnings	(13)	(14)	(42)	(40)
Fixed maturity securities — net gains (losses) on sales and disposals	6	79	84	61
Total gains (losses) on fixed maturity securities	(7)	65	42	21
Other net investment gains (losses):				
Equity securities	1	(1)	(2)	(24)
Other securities — FVO general account securities — changes in estimated fair value subsequent to purchase	(1)	—	—	—
Mortgage loans	—	8	20	26
Real estate and real estate joint ventures	—	(1)	(3)	(1)
Other limited partnership interests	2	(2)	3	(4)
Other investment portfolio gains (losses)	2	(2)	2	(7)
Subtotal — investment portfolio gains (losses)	(3)	67	62	11
FVO consolidated securitization entities (“CSEs”) — changes in estimated fair value:				
Commercial mortgage loans	9	(64)	8	(39)
Long-term debt — related to commercial mortgage loans	(2)	55	9	44
Non-investment portfolio gains (losses)	—	—	—	1
Subtotal FVO CSEs and non-investment portfolio gains (losses)	7	(9)	17	6
Total net investment gains (losses)	$ 4	$ 58	$ 79	$ 17

See “— Variable Interest Entities” for discussion of CSEs included in the table above.

Gains (losses) from foreign currency transactions included within net investment gains (losses) were $1 million and $2 million for the three months and nine months ended September 30, 2012, respectively, and ($2) million and ($5) million for the three months and nine months ended September 30, 2011, respectively.

Proceeds from sales or disposals of fixed maturity and equity securities resulting in a net investment gain (loss) and the components of fixed maturity and equity securities net investment gains (losses) are as shown in the tables below. Investment gains and losses on sales of securities are determined on a specific identification basis.

	Three Months Ended September 30,					
	2012	2011	2012	2011	2012	2011
	Fixed Maturity Securities		Equity Securities		Total	
	(In millions)					
Proceeds	$ 1,354	$ 3,697	$ 5	$ 19	$ 1,359	$ 3,716
Gross investment gains	$ 13	$ 92	$ 2	$ —	$ 15	$ 92
Gross investment losses	(7)	(13)	(1)	—	(8)	(13)
Total OTTI losses recognized in earnings:						
Credit-related	(13)	(14)	—	—	(13)	(14)
Other (1)	—	—	—	(1)	—	(1)
Total OTTI losses recognized in earnings	(13)	(14)	—	(1)	(13)	(15)
Net investment gains (losses)	$ (7)	$ 65	$ 1	$ (1)	$ (6)	$ 64

	Nine Months Ended September 30,					
	2012	2011	2012	2011	2012	2011
	Fixed Maturity Securities		Equity Securities		Total	
	(In millions)					
Proceeds	$ 4,348	$ 8,739	$ 31	$ 163	$ 4,379	$ 8,902
Gross investment gains	$ 117	$ 143	$ 9	$ 5	$ 126	$ 148
Gross investment losses	(33)	(82)	(5)	(22)	(38)	(104)
Total OTTI losses recognized in earnings:						
Credit-related	(35)	(31)	—	—	(35)	(31)
Other (1)	(7)	(9)	(6)	(7)	(13)	(16)
Total OTTI losses recognized in earnings	(42)	(40)	(6)	(7)	(48)	(47)
Net investment gains (losses)	$ 42	$ 21	$ (2)	$ (24)	$ 40	$ (3)

(1) Other OTTI losses recognized in earnings include impairments on equity securities, impairments on perpetual hybrid securities classified within fixed maturity securities where the primary reason for the impairment was the severity and/or the duration of an unrealized loss position and fixed maturity securities where there is an intent-to-sell or it is more likely than not that the Company will be required to sell the security before recovery of the decline in estimated fair value.

Fixed maturity security OTTI losses recognized in earnings related to the following sectors and industries within the U.S. and foreign corporate securities sector:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	(In millions)			
Sector:				
U.S. and foreign corporate securities — by industry:				
Transportation	$ 10	$ —	$ 16	$ —
Finance	—	—	7	9
Utility	—	—	3	—
Communications	—	5	2	9
Industrial	—	—	1	—
Total U.S. and foreign corporate securities	10	5	29	18
RMBS	3	9	13	18 (1)
CMBS	—	—	—	3
ABS	—	—	—	1 (1)
Total	$ 13	$ 14	$ 42	$ 40

(1) See Note 2 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report for discussion of a reclassification from the ABS sector to the RMBS sector for securities backed by sub-prime residential mortgage loans.

Equity security OTTI losses recognized in earnings related to the following sectors and industries:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	(In millions)			
Sector:				
Common stock	$ —	$ 1	$ 6	$ 1
Non-redeemable preferred stock	—	—	—	6
Total	$ —	$ 1	$ 6	$ 7
Industry:				
Financial services industry — perpetual hybrid securities	$ —	$ —	$ —	$ 6
Other industries	—	1	6	1
Total	$ —	$ 1	$ 6	$ 7

Credit Loss Rollforward

Presented below is a rollforward of the cumulative credit loss component of OTTI loss recognized in earnings on fixed maturity securities still held for which a portion of the OTTI loss was recognized in other comprehensive income (loss):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	(In millions)			
Balance, beginning of period	$ 56	$ 46	$ 55	$ 63
Additions:				
Initial impairments — credit loss OTTI on securities not previously impaired	1	2	5	6
Additional impairments — credit loss OTTI on securities previously impaired	2	8	9	12
Reductions:				
Sales, maturities, pay downs and prepayments during the period on securities previously impaired as credit loss OTTI	(7)	(1)	(11)	(5)
Securities impaired to net present value of expected future cash flows	—	(1)	—	(21)
Increases in cash flows — accretion of previous credit loss OTTI	—	—	(6)	(1)
Balance, end of period	$ 52	$ 54	$ 52	$ 54

Net Investment Income

The components of net investment income were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	(In millions)			
Investment income:				
Fixed maturity securities	$ 531	$ 541	$ 1,595	$ 1,614
Equity securities	(1)	1	6	8
Other securities — FVO general account securities (1)	2	—	2	1
Mortgage loans	85	86	262	257
Policy loans	14	16	44	47
Real estate and real estate joint ventures	9	10	77	12
Other limited partnership interests	18	47	115	167
Cash, cash equivalents and short-term investments	1	2	3	5
International joint ventures	—	2	(3)	—
Other	1	2	4	7
Subtotal	660	707	2,105	2,118
Less: Investment expenses	27	22	75	73
Subtotal, net	633	685	2,030	2,045
Other securities — FVO contractholder-directed unit-linked investments (1)	—	(129)	62	(99)
FVO CSEs — Commercial mortgage loans	42	95	131	286
Subtotal	42	(34)	193	187
Net investment income	$ 675	$ 651	$ 2,223	$ 2,232

(1) Changes in estimated fair value subsequent to purchase for securities still held as of the end of the respective periods included in net investment income were:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	(In millions)			
Other securities — FVO general account securities	$ —	$ —	$ —	$ 1
Other securities — FVO contractholder-directed unit-linked investments	$ —	$ (186)	$ —	$ (193)

See "— Variable Interest Entities" for discussion of CSEs included in the table above.

See "— Related Party Investment Transactions" for discussion of affiliated net investment income and investment expenses included in the table above.

Securities Lending

As described more fully in Note 1 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report, the Company participates in a securities lending program whereby blocks of securities are loaned to third parties. These transactions are treated as financing arrangements and the associated cash collateral received is recorded as a liability. The Company is obligated to return the cash collateral received to its counterparties.

Elements of the securities lending program are presented below at:

	September 30, 2012	December 31, 2011
	(In millions)	
Securities on loan: (1)		
Amortized cost	$ 6,730	$ 5,307
Estimated fair value	$ 8,008	$ 6,451
Cash collateral on deposit from counterparties (2)	$ 8,158	$ 6,456
Security collateral on deposit from counterparties	$ 45	$ 137
Reinvestment portfolio — estimated fair value	$ 8,171	$ 6,295

(1) Included within fixed maturity securities, short-term investments, equity securities and cash and cash equivalents.

(2) Included within payables for collateral under securities loaned and other transactions.

Security collateral on deposit from counterparties in connection with the securities lending transactions may not be sold or repledged, unless the counterparty is in default, and is not reflected in the interim condensed consolidated financial statements.

Invested Assets on Deposit and Pledged as Collateral

Invested assets on deposit and pledged as collateral are presented in the table below at estimated fair value for cash and cash equivalents and fixed maturity securities and at carrying value for mortgage loans.

	September 30, 2012	December 31, 2011
	(In millions)	
Invested assets on deposit (1)	$ 59	$ 51
Invested assets pledged as collateral (2)	875	897
Total invested assets on deposit and pledged as collateral	$ 934	$ 948

(1) The Company has invested assets on deposit with regulatory agencies consisting primarily of fixed maturity securities.

(2) The Company has pledged fixed maturity securities, mortgage loans and cash and cash equivalents in connection with various agreements and transactions, including funding agreements (see Note 7 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report) and derivative transactions (see Note 4).

Mortgage Loans

Mortgage loans are summarized as follows at:

	September 30, 2012		December 31, 2011	
	Carrying Value	% of Total	Carrying Value	% of Total
	(In millions)		(In millions)	
Mortgage loans:				
Commercial	$ 5,307	56.5 %	$ 5,390	55.0 %
Agricultural	1,249	13.3	1,333	13.6
Subtotal	6,556	69.8	6,723	68.6
Valuation allowances	(41)	(0.4)	(61)	(0.6)
Subtotal mortgage loans, net	6,515	69.4	6,662	68.0
Commercial mortgage loans held by CSEs	2,879	30.6	3,138	32.0
Total mortgage loans, net	$ 9,394	100.0 %	$ 9,800	100.0 %

See "— Variable Interest Entities" for discussion of CSEs included in the table above.

See "— Related Party Investment Transactions" for discussion of affiliated mortgage loans included in the table above.

The following tables present certain information about mortgage loans and valuation allowances, by portfolio segment, at:

	Commercial	Agricultural	Total
		(In millions)	
September 30, 2012:			
Mortgage loans:			
Evaluated individually for credit losses	$ 23	$ —	$ 23
Evaluated collectively for credit losses	5,284	1,249	6,533
Total mortgage loans	5,307	1,249	6,556
Valuation allowances:			
Specific credit losses	11	—	11
Non-specifically identified credit losses	27	3	30
Total valuation allowances	38	3	41
Mortgage loans, net of valuation allowance	$ 5,269	$ 1,246	$ 6,515
December 31, 2011:			
Mortgage loans:			
Evaluated individually for credit losses	$ 23	$ —	$ 23
Evaluated collectively for credit losses	5,367	1,333	6,700
Total mortgage loans	5,390	1,333	6,723
Valuation allowances:			
Specific credit losses	15	—	15
Non-specifically identified credit losses	43	3	46
Total valuation allowances	58	3	61
Mortgage loans, net of valuation allowance	$ 5,332	$ 1,330	$ 6,662

The following tables present the changes in the valuation allowance, by portfolio segment:

	Mortgage Loan Valuation Allowances		
	Commercial	Agricultural	Total
		(In millions)	
For the Three Months Ended September 30, 2012:			
Balance, beginning of period	$ 39	$ 3	$ 42
Provision (release)	(1)	—	(1)
Charge-offs, net of recoveries	—	—	—
Balance, end of period	$ 38	$ 3	$ 41
For the Three Months Ended September 30, 2011:			
Balance, beginning of period	$ 66	$ 4	$ 70
Provision (release)	(8)	(1)	(9)
Charge-offs, net of recoveries	—	—	—
Balance, end of period	$ 58	$ 3	$ 61
For the Nine Months Ended September 30, 2012:			
Balance, beginning of period	$ 58	$ 3	$ 61
Provision (release)	(20)	—	(20)
Charge-offs, net of recoveries	—	—	—
Balance, end of period	$ 38	$ 3	$ 41
For the Nine Months Ended September 30, 2011:			
Balance, beginning of period	$ 84	$ 3	$ 87
Provision (release)	(26)	—	(26)
Charge-offs, net of recoveries	—	—	—
Balance, end of period	$ 58	$ 3	$ 61

See Note 1 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report for a discussion of all credit quality indicators presented herein. Recorded investment data presented herein is prior to valuation allowance. Unpaid principal balance data presented herein is generally prior to charge-offs.

Commercial Mortgage Loans — by Credit Quality Indicators with Estimated Fair Value. Presented below is certain information about the credit quality of the commercial mortgage loans at:

	Commercial						
	Recorded Investment						
	Debt Service Coverage Ratios						
	> 1.20x	1.00x - 1.20x	< 1.00x	Total	% of Total	Estimated Fair Value	% of Total
	(In millions)					(In millions)	
September 30, 2012:							
Loan-to-value ratios:							
Less than 65%	$ 3,922	$ 106	$ 33	$ 4,061	76.5 %	$ 4,414	77.6 %
65% to 75%	697	28	—	725	13.7	751	13.2
76% to 80%	113	9	57	179	3.4	186	3.3
Greater than 80%	291	28	23	342	6.4	334	5.9
Total	$ 5,023	$ 171	$ 113	$ 5,307	100.0 %	$ 5,685	100.0 %
December 31, 2011:							
Loan-to-value ratios:							
Less than 65%	$ 3,324	$ 135	$ 210	$ 3,669	68.1 %	$ 3,888	69.9 %
65% to 75%	719	54	52	825	15.3	852	15.3
76% to 80%	199	—	26	225	4.2	221	4.0
Greater than 80%	452	181	38	671	12.4	602	10.8
Total	$ 4,694	$ 370	$ 326	$ 5,390	100.0 %	$ 5,563	100.0 %

Agricultural Mortgage Loans — by Credit Quality Indicator. Presented below is certain information about the credit quality of agricultural mortgage loans. The estimated fair value of agricultural mortgage loans was $1.3 billion and $1.4 billion at September 30, 2012 and December 31, 2011, respectively.

	Agricultural			
	September 30, 2012		December 31, 2011	
	Recorded Investment	% of Total	Recorded Investment	% of Total
	(In millions)		(In millions)	
Loan-to-value ratios:				
Less than 65%	$ 1,176	94.2 %	$ 1,129	84.7 %
65% to 75%	73	5.8	142	10.7
76% to 80%	—	—	62	4.6
Total	$ 1,249	100.0 %	$ 1,333	100.0 %

Past Due and Interest Accrual Status of Mortgage Loans. The Company has a high quality, well performing, mortgage loan portfolio, with approximately 99% of all mortgage loans classified as performing at both September 30, 2012 and December 31, 2011. The Company defines delinquent mortgage loans consistent with industry practice, when interest and principal payments are past due as follows: commercial mortgage loans — 60 days or more and agricultural mortgage loans — 90 days or more. The Company had one commercial mortgage loan past due and in non-accrual status with a recorded investment of $50 million at September 30, 2012. The Company had no mortgage loans past due and no loans in non-accrual status at December 31, 2011.

Impaired Mortgage Loans. Presented below is certain information about impaired mortgage loans, by portfolio segment, at:

	Impaired Mortgage Loans							
	Loans with a Valuation Allowance				Loans without a Valuation Allowance		All Impaired Loans	
	Unpaid Principal Balance	Recorded Investment	Valuation Allowances	Carrying Value	Unpaid Principal Balance	Recorded Investment	Unpaid Principal Balance	Carrying Value
	(In millions)							
September 30, 2012:								
Commercial	$ 23	$ 23	$ 11	$ 12	$ 50	$ 50	$ 73	$ 62
Agricultural	—	—	—	—	—	—	—	—
Total	$ 23	$ 23	$ 11	$ 12	$ 50	$ 50	$ 73	$ 62
December 31, 2011:								
Commercial	$ 23	$ 23	$ 15	$ 8	$ 15	$ 15	$ 38	$ 23
Agricultural	—	—	—	—	—	—	—	—
Total	$ 23	$ 23	$ 15	$ 8	$ 15	$ 15	$ 38	$ 23

The average recorded investment in impaired mortgage loans and the related interest income, by portfolio segment, was:

	Impaired Mortgage Loans		
	Average Recorded Investment	Interest Income Recognized	
		Cash Basis	Accrual Basis
	(In millions)		
For the Three Months Ended September 30, 2012:			
Commercial	$ 47	$ —	$ —
Agricultural	—	—	—
Total	$ 47	$ —	$ —
For the Three Months Ended September 30, 2011:			
Commercial	$ 31	$ —	$ —
Agricultural	3	—	—
Total	$ 34	$ —	$ —
For the Nine Months Ended September 30, 2012:			
Commercial	$ 39	$ 1	$ —
Agricultural	—	—	—
Total	$ 39	$ 1	$ —
For the Nine Months Ended September 30, 2011:			
Commercial	$ 27	$ 1	$ —
Agricultural	5	—	—
Total	$ 32	$ 1	$ —

Mortgage Loans Modified in a Troubled Debt Restructuring. See Note 1 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report for a discussion of loan modifications that are classified as troubled debt restructuring and the types of concessions typically granted. There were no mortgage loans modified during the three months and nine months ended September 30, 2012. The Company had one commercial mortgage loan modified during the three months and nine months ended September 30, 2011 in a troubled debt restructuring with a pre-modification and post-modification carrying value of $15 million. There were no agricultural mortgage loans modified as a trouble debt restructuring during the three months and nine months ended September 30, 2011.

During the three months and nine months ended September 30, 2012 and 2011, there were no mortgage loans with subsequent payment default which were modified as a troubled debt restructuring during the previous 12 months. Payment default is determined in the same manner as delinquency status — when interest and principal payments are past due as described above.

Cash Equivalents

The carrying value of cash equivalents, which includes securities and other investments with an original or remaining maturity of three months or less at the time of purchase, was $1.1 billion and $583 million at September 30, 2012 and December 31, 2011, respectively.

Purchased Credit Impaired Investments

See Note 2 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report for information about investments acquired with evidence of credit quality deterioration since origination and for which it was probable at the acquisition date that the Company would be unable to collect all contractually required payments.

Variable Interest Entities

The Company holds investments in certain entities that are VIEs. In certain instances, the Company holds both the power to direct the most significant activities of the entity, as well as an economic interest in the entity and, as such, is deemed to be the primary beneficiary or consolidator of the entity. The following table presents the total assets and total liabilities relating to VIEs for which the Company has concluded that it is the primary beneficiary and which are consolidated at September 30, 2012 and December 31, 2011. Creditors or beneficial interest holders of VIEs where the Company is the primary beneficiary have no recourse to the general credit of the Company, as the Company's obligation to the VIEs is limited to the amount of its committed investment.

	September 30, 2012	December 31, 2011
	(In millions)	
CSEs: (1)		
Assets:		
Mortgage loans held-for-investment (commercial mortgage loans)	$ 2,879	$ 3,138
Accrued investment income	14	14
Total assets	$ 2,893	$ 3,152
Liabilities:		
Long-term debt	$ 2,790	$ 3,065
Other liabilities	14	14
Total liabilities	$ 2,804	$ 3,079

(1) The Company consolidates former qualified special purpose entities ("QSPEs") that are structured as CMBS. The assets of these entities can only be used to settle their respective liabilities, and under no circumstances is the Company liable for any principal or interest shortfalls should any arise. The Company's exposure was limited to that of its remaining investment in the former QSPEs of $75 million and $59 million at estimated fair value at September 30, 2012 and December 31, 2011, respectively. The long-term debt presented above bears interest primarily at fixed rates ranging from 2.25% to 5.57%, payable primarily on a monthly basis and is expected to be repaid over the next four years. Interest expense related to these obligations, included in other expenses, was $40 million and $125 million for the three months and nine months ended September 30, 2012, respectively, and $92 million and $279 million for the three months and nine months ended September 30, 2011, respectively.

The following table presents the carrying amount and maximum exposure to loss relating to VIEs for which the Company holds significant variable interests but is not the primary beneficiary and which have not been consolidated at:

	September 30, 2012		December 31, 2011	
	Carrying Amount	Maximum Exposure to Loss (1)	Carrying Amount	Maximum Exposure to Loss (1)
	(In millions)			
Fixed maturity securities available-for-sale:				
RMBS (2)	$ 6,154	$ 6,154	$ 6,494	$ 6,494
CMBS (2)	2,461	2,461	2,227	2,227
ABS (2)	2,276	2,276	1,878	1,878
U.S. corporate securities	355	355	424	424
Foreign corporate securities	260	260	234	234
Other limited partnership interests	1,409	1,980	1,302	1,982
Real estate joint ventures	18	21	22	26
Total	$ 12,933	$ 13,507	$ 12,581	$ 13,265

(1) The maximum exposure to loss relating to the fixed maturity securities is equal to their estimated fair value. The maximum exposure to loss relating to the other limited partnership interests and real estate joint ventures is equal to the carrying amounts plus any unfunded commitments of the Company. Such a maximum loss would be expected to occur only upon bankruptcy of the issuer or investee.

(2) For these variable interests, the Company's involvement is limited to that of a passive investor.

As described in Note 9, the Company makes commitments to fund partnership investments in the normal course of business. Excluding these commitments, the Company did not provide financial or other support to investees designated as VIEs during the nine months ended September 30, 2012 and 2011.

Related Party Investment Transactions

In the normal course of business, the Company transfers invested assets, primarily consisting of fixed maturity securities, to and from affiliates. There were no transfers during the three months and nine months ended September 30, 2012. The estimated fair value of invested assets transferred from affiliates was $33 million for both the three months and nine months ended September 30, 2011.

As more fully described in Note 2 of the Notes of the Consolidated Financial Statements in the 2011 Annual Report, the Company has loans outstanding to affiliates.

The Company has loans outstanding to wholly-owned real estate subsidiaries of Metropolitan Life Insurance Company ("MLIC"), an affiliate, which are included in mortgage loans. The carrying value of these loans was $306 million and $307 million at September 30, 2012 and December 31, 2011, respectively. Net investment income from these loans was $4 million and $12 million for the three months and nine months ended September 30, 2012, respectively, and $4 million and $11 million for the three months and nine months ended September 30, 2011, respectively.

The Company also has loans outstanding to Exeter Reassurance Company Ltd. ("Exeter"), an affiliate, which are included in other invested assets. The carrying value of these loans was $430 million at both September 30, 2012 and December 31, 2011. Net investment income from these loans was $6 million and $18 million for the three months and nine months ended September 30, 2012, respectively, and $4 million for both the three months and nine months ended September 30, 2011.

The Company receives investment administrative services from an affiliate. These investment administrative service charges were $16 million and $50 million for the three months and nine months ended September 30, 2012, respectively, and $17 million and $50 million for the three months and nine months ended September 30, 2011, respectively. The Company also had affiliated net investment income of less than $1 million for both the three months and nine months ended September 30, 2012 and 2011.

4. Derivative Financial Instruments

Accounting for Derivative Financial Instruments

Derivatives are financial instruments whose values are derived from interest rates, foreign currency exchange rates, credit spreads and/or other financial indices. Derivatives may be exchange-traded or contracted in the over-the-counter ("OTC") market. The Company uses a variety of derivatives, including swaps, forwards, futures and option contracts, to manage various risks relating to its ongoing business operations. To a lesser extent, the Company uses credit default swaps to synthetically replicate investment risks and returns which are not readily available in the cash market. The Company also purchases certain securities, issues certain insurance policies and investment contracts and engages in certain reinsurance agreements that have embedded derivatives.

Freestanding derivatives are carried in the Company's consolidated balance sheets either as assets within other invested assets or as liabilities within other liabilities at estimated fair value as determined through the use of quoted market prices for exchange-traded derivatives or through the use of pricing models for OTC derivatives. The determination of estimated fair value of freestanding derivatives, when quoted market values are not available, is based on market standard valuation methodologies and inputs that management believes are consistent with what other market participants would use when pricing the instruments. Derivative valuations can be affected by changes in interest rates, foreign currency exchange rates, financial indices, credit spreads, default risk, nonperformance risk, volatility, liquidity and changes in estimates and assumptions used in the pricing models.

Accruals on derivatives are generally recorded in accrued investment income or within other liabilities in the consolidated balance sheets. However, accruals that are not scheduled to settle within one year are included with the derivative carrying value in other invested assets or other liabilities.

The Company does not offset the fair value amounts recognized for derivatives executed with the same counterparty under the same master netting agreement.

If a derivative is not designated as an accounting hedge or its use in managing risk does not qualify for hedge accounting, changes in the estimated fair value of the derivative are generally reported in net derivative gains (losses) except for those (i) in policyholder benefits and claims for economic hedges of variable annuity guarantees included in future policy benefits; and (ii) in net investment income for economic hedges of equity method investments in joint ventures. The fluctuations in estimated fair value of derivatives which have not been designated for hedge accounting can result in significant volatility in net income.

To qualify for hedge accounting, at the inception of the hedging relationship, the Company formally documents its risk management objective and strategy for undertaking the hedging transaction, as well as its designation of the hedge as either (i) a hedge of the estimated fair value of a recognized asset or liability ("fair value hedge"); or (ii) a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow hedge"). In this documentation, the Company sets forth how the hedging instrument is expected to hedge the designated risks related to the hedged item and sets forth the method that will be used to retrospectively and prospectively assess the hedging instrument's effectiveness and the method which will be used to measure ineffectiveness. A derivative designated as a hedging instrument must be assessed as being highly effective in offsetting the designated risk of the hedged item. Hedge effectiveness is formally assessed at inception and periodically throughout the life of the designated hedging relationship. Assessments of hedge effectiveness and measurements of ineffectiveness are also subject to interpretation and estimation and different interpretations or estimates may have a material effect on the amount reported in net income.

The accounting for derivatives is complex and interpretations of the primary accounting guidance continue to evolve in practice. Judgment is applied in determining the availability and application of hedge accounting designations and the appropriate accounting treatment under such accounting guidance. If it was determined that hedge accounting designations were not appropriately applied, reported net income could be materially affected.

Under a fair value hedge, changes in the estimated fair value of the hedging derivative, including amounts measured as ineffectiveness, and changes in the estimated fair value of the hedged item related to the designated risk being hedged, are reported within net derivative gains (losses). The estimated fair values of the hedging derivatives are exclusive of any accruals that are separately reported in the consolidated statement of operations and comprehensive income within interest income or interest expense to match the location of the hedged item.

Under a cash flow hedge, changes in the estimated fair value of the hedging derivative measured as effective are reported within other comprehensive income (loss), a separate component of stockholders' equity, and the deferred gains or losses on the derivative are reclassified into the consolidated statement of operations and comprehensive income when the Company's earnings are affected by the variability in cash flows of the hedged item. Changes in the estimated fair value of the hedging instrument measured as ineffectiveness are reported within net derivative gains (losses). The estimated fair values of the hedging derivatives are exclusive of any accruals that are separately reported in the consolidated statement of operations and comprehensive income within interest income or interest expense to match the location of the hedged item.

The Company discontinues hedge accounting prospectively when: (i) it is determined that the derivative is no longer highly effective in offsetting changes in the estimated fair value or cash flows of a hedged item; (ii) the derivative expires, is sold, terminated, or exercised; (iii) it is no longer probable that the hedged forecasted transaction will occur; or (iv) the derivative is de-designated as a hedging instrument.

When hedge accounting is discontinued because it is determined that the derivative is not highly effective in offsetting changes in the estimated fair value or cash flows of a hedged item, the derivative continues to be carried in the consolidated balance sheets at its estimated fair value, with changes in estimated fair value recognized currently in net derivative gains (losses). The carrying value of the hedged recognized asset or liability under a fair value hedge is no longer adjusted for changes in its estimated fair value due to the hedged risk, and the cumulative adjustment to its carrying value is amortized into income over the remaining life of the hedged item. Provided the hedged forecasted transaction is still probable of occurrence, the changes in estimated fair value of derivatives recorded in other comprehensive income (loss) related to discontinued cash flow hedges are released into the consolidated statements of operations and comprehensive income when the Company's earnings are affected by the variability in cash flows of the hedged item.

When hedge accounting is discontinued because it is no longer probable that the forecasted transactions will occur on the anticipated date or within two months of that date, the derivative continues to be carried in the consolidated balance sheets at its estimated fair value, with changes in estimated fair value recognized currently in net derivative gains (losses). Deferred gains and losses of a derivative recorded in other comprehensive income (loss) pursuant to the discontinued cash flow hedge of a forecasted transaction that is no longer probable are recognized immediately in net derivative gains (losses).

In all other situations in which hedge accounting is discontinued, the derivative is carried at its estimated fair value in the consolidated balance sheets, with changes in its estimated fair value recognized in the current period as net derivative gains (losses).

The Company issues certain products and purchases certain investments that contain embedded derivatives. The Company assesses each identified embedded derivative to determine whether it is required to be bifurcated. If the instrument would not be accounted for in its entirety at estimated fair value and it is determined that the terms of the embedded derivative are not clearly and closely related to the economic characteristics of the host contract, and that a separate instrument with the same terms would qualify as a derivative instrument, the embedded derivative is bifurcated from the host contract and accounted for as a freestanding derivative. Such embedded derivatives are carried in the consolidated balance sheets at estimated fair value with the host contract and changes in their estimated fair value are generally reported in net derivative gains (losses). If the Company is unable to properly identify and measure an embedded derivative for separation from its host contract, the entire contract is carried on the balance sheet at estimated fair value, with changes in estimated fair value recognized in the current period in net investment gains (losses) or net investment income. Additionally, the Company may elect to carry an entire contract on the balance sheet at estimated fair value, with changes in estimated fair value recognized in the current period in net investment gains (losses) or net investment income if that contract contains an embedded derivative that requires bifurcation.

See Note 5 for information about the fair value hierarchy for derivatives.

Primary Risks Managed by Derivative Financial Instruments

The Company is exposed to various risks relating to its ongoing business operations, including interest rate risk, foreign currency exchange rate risk, credit risk and equity market risk. The Company uses a variety of strategies to manage these risks, including the use of derivative instruments. The following table presents the gross notional amount, estimated fair value and primary underlying risk exposure of the Company's derivative financial instruments, excluding embedded derivatives, held at:

		September 30, 2012			December 31, 2011		
			Estimated Fair Value (1)			Estimated Fair Value (1)	
Primary Underlying Risk Exposure	Instrument Type	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
		(In millions)					
Interest rate	Interest rate swaps	$ 17,768	$ 1,479	$ 605	$ 13,074	$ 1,418	$ 427
	Interest rate floors	7,986	357	158	7,986	330	152
	Interest rate caps	9,113	12	—	10,133	19	—
	Interest rate futures	3,468	—	1	3,766	10	1
	Interest rate forwards	465	103	—	620	128	—
Foreign currency exchange rate	Foreign currency swaps	1,396	84	61	1,792	297	62
	Foreign currency forwards	140	1	1	149	9	—
Credit	Credit default swaps	2,679	21	4	2,426	18	28
Equity market	Equity futures	1,069	6	—	1,007	4	—
	Equity options	2,626	447	—	2,111	482	—
	Variance swaps	2,580	15	46	2,430	51	8
	Total rate of return swaps ("TRRs")	149	4	—	129	—	2
	Total	$ 49,439	$ 2,529	$ 876	$ 45,623	$ 2,766	$ 680

(1) The estimated fair value of all derivatives in an asset position is reported within other invested assets in the consolidated balance sheets and the estimated fair value of all derivatives in a liability position is reported within other liabilities in the consolidated balance sheets.

Interest rate swaps are used by the Company primarily to reduce market risks from changes in interest rates and to alter interest rate exposure arising from mismatches between assets and liabilities (duration mismatches). In an interest rate swap, the Company agrees with another party to exchange, at specified intervals, the difference between fixed rate and floating rate interest amounts as calculated by reference to an agreed notional principal amount. These transactions are entered into pursuant to master agreements that provide for a single net payment to be made by the counterparty at each due date. The Company utilizes interest rate swaps in fair value, cash flow and non-qualifying hedging relationships.

Inflation swaps are used as an economic hedge to reduce inflation risk generated from inflation-indexed liabilities. Inflation swaps are included in interest rate swaps in the preceding table. The Company utilizes inflation swaps in non-qualifying hedging relationships.

Implied volatility swaps are used by the Company primarily as economic hedges of interest rate risk associated with the Company's investments in mortgage-backed securities. In an implied volatility swap, the Company exchanges fixed payments for floating payments that are linked to certain market volatility measures. If implied volatility rises, the floating payments that the Company receives will increase, and if implied volatility falls, the floating payments that the Company receives will decrease. Implied volatility swaps are included in interest rate swaps in the preceding table. The Company utilizes implied volatility swaps in non-qualifying hedging relationships.

The Company purchases interest rate caps and floors primarily to protect its floating rate liabilities against rises in interest rates above a specified level, and against interest rate exposure arising from mismatches between assets and liabilities (duration mismatches), as well as to protect its minimum rate guarantee liabilities against declines in interest rates below a specified level, respectively. In certain instances, the Company locks in the economic impact of existing purchased caps and floors by entering into offsetting written caps and floors. The Company utilizes interest rate caps and floors in non-qualifying hedging relationships.

In exchange-traded interest rate (Treasury and swap) futures transactions, the Company agrees to purchase or sell a specified number of contracts, the value of which is determined by the different classes of interest rate securities, and to post variation margin on a daily basis in an amount equal to the difference in the daily market values of those contracts. The Company enters into exchange-traded futures with regulated futures commission merchants that are members of the exchange. Exchange-traded interest rate (Treasury and swap) futures are used primarily to hedge mismatches between the duration of assets in a portfolio and the duration of liabilities supported by those assets, to hedge against changes in value of securities the Company owns or anticipates acquiring and to hedge against changes in interest rates on anticipated liability issuances by replicating Treasury or swap curve performance. The Company utilizes exchange-traded interest rate futures in non-qualifying hedging relationships.

The Company writes covered call options on its portfolio of U.S. Treasury securities as an income generation strategy. In a covered call transaction, the Company receives a premium at the inception of the contract in exchange for giving the derivative counterparty the right to purchase the referenced security from the Company at a predetermined price. The call option is “covered” because the Company owns the referenced security over the term of the option. Covered call options are included in interest rate options. The Company utilizes covered call options in non-qualifying hedging relationships.

The Company enters into interest rate forwards to buy and sell securities. The price is agreed upon at the time of the contract and payment for such a contract is made at a specified future date. The Company utilizes interest rate forwards in cash flow and non-qualifying hedging relationships.

Foreign currency derivatives, including foreign currency swaps and foreign currency forwards, are used by the Company to reduce the risk from fluctuations in foreign currency exchange rates associated with its assets and liabilities denominated in foreign currencies.

In a foreign currency swap transaction, the Company agrees with another party to exchange, at specified intervals, the difference between one currency and another at a fixed exchange rate, generally set at inception, calculated by reference to an agreed upon principal amount. The principal amount of each currency is exchanged at the inception and termination of the currency swap by each party. The Company utilizes foreign currency swaps in fair value, cash flow and non-qualifying hedging relationships.

In a foreign currency forward transaction, the Company agrees with another party to deliver a specified amount of an identified currency at a specified future date. The price is agreed upon at the time of the contract and payment for such a contract is made in a different currency at the specified future date. The Company utilizes foreign currency forwards in non-qualifying hedging relationships.

Certain credit default swaps are used by the Company to hedge against credit-related changes in the value of its investments. In a credit default swap transaction, the Company agrees with another party, at specified intervals, to pay a premium to hedge credit risk. If a credit event, as defined by the contract, occurs, the contract may be cash settled or it may be settled gross by the delivery of par quantities of the referenced investment equal to the specified swap notional in exchange for the payment of cash amounts by the counterparty equal to the par value of the investment surrendered. The Company utilizes credit default swaps in non-qualifying hedging relationships.

Credit default swaps are also used to synthetically create credit investments that are either more expensive to acquire or otherwise unavailable in the cash markets. These transactions are a combination of a derivative and one or more cash instruments such as U.S. Treasury securities, agency securities or other fixed maturity securities. These credit default swaps are not designated as hedging instruments.

The Company enters into forwards to lock in the price to be paid for forward purchases of certain securities. The price is agreed upon at the time of the contract and payment for the contract is made at a specified future date. When the primary purpose of entering into these transactions is to hedge against the risk of changes in purchase price due to changes in credit spreads, the Company designates these as credit forwards. The Company utilizes credit forwards in cash flow hedging relationships.

In exchange-traded equity futures transactions, the Company agrees to purchase or sell a specified number of contracts, the value of which is determined by the different classes of equity securities, and to post variation margin on a daily basis in an amount equal to the difference in the daily market values of those contracts. The Company enters into exchange-traded futures with regulated futures commission merchants that are members of the exchange. Exchange-traded equity futures are used primarily to hedge liabilities embedded in certain variable annuity products offered by the Company. The Company utilizes exchange-traded equity futures in non-qualifying hedging relationships.

Equity index options are used by the Company primarily to hedge minimum guarantees embedded in certain variable annuity products offered by the Company. To hedge against adverse changes in equity indices, the Company enters into contracts to sell the equity index within a limited time at a contracted price. The contracts will be net settled in cash based on differentials in the indices at the time of exercise and the strike price. In certain instances, the Company may enter into a combination of transactions to hedge adverse changes in equity indices within a pre-determined range through the purchase and sale of options. Equity index options are included in equity options in the preceding table. The Company utilizes equity index options in non-qualifying hedging relationships.

Equity variance swaps are used by the Company primarily to hedge minimum guarantees embedded in certain variable annuity products offered by the Company. In an equity variance swap, the Company agrees with another party to exchange amounts in the future, based on changes in equity volatility over a defined period. Equity variance swaps are included in variance swaps in the preceding table. The Company utilizes equity variance swaps in non-qualifying hedging relationships.

TRRs are swaps whereby the Company agrees with another party to exchange, at specified intervals, the difference between the economic risk and reward of an asset or a market index and the London Inter-Bank Offered Rate ("LIBOR"), calculated by reference to an agreed notional principal amount. No cash is exchanged at the outset of the contract. Cash is paid and received over the life of the contract based on the terms of the swap. These transactions are entered into pursuant to master agreements that provide for a single net payment to be made by the counterparty at each due date. The Company uses TRRs to hedge its equity market guarantees in certain of its insurance products. TRRs can be used as hedges or to synthetically create investments. The Company utilizes TRRs in non-qualifying hedging relationships.

Hedging

The following table presents the gross notional amount and estimated fair value of derivatives designated as hedging instruments by type of hedge designation at:

	September 30, 2012			December 31, 2011		
		Estimated Fair Value			Estimated Fair Value	
Derivatives Designated as Hedging Instruments	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
	(In millions)					
Fair value hedges:						
Foreign currency swaps	$ 122	$ —	$ 15	$ 598	$ 188	$ 19
Interest rate swaps	530	35	10	311	35	6
Subtotal	652	35	25	909	223	25
Cash flow hedges:						
Foreign currency swaps	521	22	13	445	31	12
Interest rate swaps	708	130	—	355	96	—
Interest rate forwards	465	103	—	620	128	—
Subtotal	1,694	255	13	1,420	255	12
Total qualifying hedges	$ 2,346	$ 290	$ 38	$ 2,329	$ 478	$ 37

The following table presents the gross notional amount and estimated fair value of derivatives that were not designated or do not qualify as hedging instruments by derivative type at:

	September 30, 2012			December 31, 2011		
		Estimated Fair Value			Estimated Fair Value	
Derivatives Not Designated or Not Qualifying as Hedging Instruments	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
	(In millions)					
Interest rate swaps	$ 16,530	$ 1,314	$ 595	$ 12,408	$ 1,287	$ 421
Interest rate floors	7,986	357	158	7,986	330	152
Interest rate caps	9,113	12	—	10,133	19	—
Interest rate futures	3,468	—	1	3,766	10	1
Foreign currency swaps	753	62	33	749	78	31
Foreign currency forwards	140	1	1	149	9	—
Credit default swaps	2,679	21	4	2,426	18	28
Equity futures	1,069	6	—	1,007	4	—
Equity options	2,626	447	—	2,111	482	—
Variance swaps	2,580	15	46	2,430	51	8
TRRs	149	4	—	129	—	2
Total non-designated or non-qualifying derivatives	$ 47,093	$ 2,239	$ 838	$ 43,294	$ 2,288	$ 643

Net Derivative Gains (Losses)

The components of net derivative gains (losses) were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	(In millions)			
Derivatives and hedging gains (losses) (1)	$ (189)	$ 839	$ (225)	$ 745
Embedded derivatives	91	43	270	114
Total net derivative gains (losses)	$ (98)	$ 882	$ 45	$ 859

(1) Includes foreign currency transaction gains (losses) on hedged items in cash flow and non-qualifying hedging relationships, which are not presented elsewhere in this note.

The following table presents earned income on derivatives for the:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	(In millions)			
Qualifying hedges:				
Net investment income	$ —	$ —	$ 1	$ 1
Interest credited to policyholder account balances	1	9	17	32
Non-qualifying hedges:				
Net derivative gains (losses)	32	46	87	63
Policyholder benefits and claims	(3)	—	(5)	—
Total	$ 30	$ 55	$ 100	$ 96

Fair Value Hedges

The Company designates and accounts for the following as fair value hedges when they have met the requirements of fair value hedging: (i) interest rate swaps to convert fixed rate investments to floating rate investments; (ii) interest rate swaps to convert fixed rate liabilities to floating rate liabilities; and (iii) foreign currency swaps to hedge the foreign currency fair value exposure of foreign currency denominated liabilities.

The Company recognizes gains and losses on derivatives and the related hedged items in fair value hedges within net derivative gains (losses). The following table presents the amount of such net derivative gains (losses):

Derivatives in Fair Value Hedging Relationships	Hedged Items in Fair Value Hedging Relationships	Net Derivative Gains (Losses) Recognized for Derivatives	Net Derivative Gains (Losses) Recognized for Hedged Items	Ineffectiveness Recognized in Net Derivative Gains (Losses)
			(In millions)	
For the Three Months Ended September 30, 2012:				
Interest rate swaps:	Fixed maturity securities	$ (3)	$ 2	$ (1)
	Policyholder account balances (“PABs”) (1)	(4)	4	—
Foreign currency swaps:	Foreign-denominated PABs (2)	3	(3)	—
Total		$ (4)	$ 3	$ (1)
For the Three Months Ended September 30, 2011:				
Interest rate swaps:	Fixed maturity securities	$ (4)	$ 4	$ —
	PABs (1)	34	(35)	(1)
Foreign currency swaps:	Foreign-denominated PABs (2)	(63)	54	(9)
Total		$ (33)	$ 23	$ (10)
For the Nine Months Ended September 30, 2012:				
Interest rate swaps:	Fixed maturity securities	$ (5)	$ 3	$ (2)
	PABs (1)	(2)	1	(1)
Foreign currency swaps:	Foreign-denominated PABs (2)	(29)	21	(8)
Total		$ (36)	$ 25	$ (11)
For the Nine Months Ended September 30, 2011:				
Interest rate swaps:	Fixed maturity securities	$ (7)	$ 6	$ (1)
	PABs (1)	34	(36)	(2)
Foreign currency swaps:	Foreign-denominated PABs (2)	(27)	11	(16)
Total		$ —	$ (19)	$ (19)

(1) Fixed rate liabilities.

(2) Fixed rate or floating rate liabilities.

All components of each derivative’s gain or loss were included in the assessment of hedge effectiveness.

Cash Flow Hedges

The Company designates and accounts for the following as cash flow hedges when they have met the requirements of cash flow hedging: (i) interest rate swaps to convert floating rate investments to fixed rate investments; (ii) foreign currency swaps to hedge the foreign currency cash flow exposure of foreign currency denominated investments and liabilities; (iii) interest rate forwards and credit forwards to lock in the price to be paid for forward purchases of investments; and (iv) interest rate swaps and interest rate forwards to hedge the forecasted purchases of fixed-rate investments.

In certain instances, the Company discontinued cash flow hedge accounting because the forecasted transactions did not occur on the anticipated date, within two months of that date, or were no longer probable of occurring. There were no amounts reclassified into net derivative gains (losses) for both the three months and nine months ended September 30, 2012, related to such discontinued cash flow hedges. There were no amounts reclassified into net derivative gains (losses) for the three months ended September 30, 2011 related to such discontinued cash flow hedges. The net amount reclassified into net derivative gains (losses) for the nine months ended September 30, 2011 related to such discontinued cash flow hedges was $1 million.

At September 30, 2012 and December 31, 2011, the maximum length of time over which the Company was hedging its exposure to variability in future cash flows for forecasted transactions did not exceed seven years and five years, respectively.

The following table presents the components of accumulated other comprehensive income (loss), before income tax, related to cash flow hedges:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	(In millions)			
Accumulated other comprehensive income (loss), balance at beginning of period	$ 331	$ (99)	$ 239	$ (109)
Gains (losses) deferred in other comprehensive income (loss) on the effective portion of cash flow hedges	(44)	334	47	348
Amounts reclassified to net derivative gains (losses)	(1)	3	—	(1)
Accumulated other comprehensive income (loss), balance at end of period	$ 286	$ 238	$ 286	$ 238

At September 30, 2012, $2 million of deferred net gains (losses) on derivatives in accumulated other comprehensive income (loss) were expected to be reclassified to earnings within the next 12 months.

The following table presents the effects of derivatives in cash flow hedging relationships on the interim condensed consolidated statements of operations and comprehensive income and the interim condensed consolidated statements of stockholders' equity:

Derivatives in Cash Flow Hedging Relationships	Amount of Gains (Losses) Deferred in Accumulated Other Comprehensive Income (Loss) on Derivatives	Amount and Location of Gains (Losses) Reclassified from Accumulated Other Comprehensive Income (Loss) into Income (Loss)	Amount and Location of Gains (Losses) Recognized in Income (Loss) on Derivatives
	(Effective Portion)	(Effective Portion)	(Ineffective Portion and Amount Excluded from Effectiveness Testing)
		Net Derivative Gains (Losses)	Net Derivative Gains (Losses)
		(In millions)	
For the Three Months Ended September 30, 2012:			
Interest rate swaps	$ (15)	$ —	$ —
Foreign currency swaps	(22)	—	(1)
Interest rate forwards	(7)	1	1
Credit forwards	—	—	—
Total	$ (44)	$ 1	$ —
For the Three Months Ended September 30, 2011:			
Interest rate swaps	$ 119	$ —	$ —
Foreign currency swaps	31	(3)	—
Interest rate forwards	184	—	12
Credit forwards	—	—	—
Total	$ 334	$ (3)	$ 12
For the Nine Months Ended September 30, 2012:			
Interest rate swaps	$ 47	$ —	$ —
Foreign currency swaps	(8)	(1)	(1)
Interest rate forwards	8	1	1
Credit forwards	—	—	—
Total	$ 47	$ —	$ —
For the Nine Months Ended September 30, 2011:			
Interest rate swaps	$ 123	$ 1	$ —
Foreign currency swaps	30	(1)	—
Interest rate forwards	195	—	4
Credit forwards	—	1	—
Total	$ 348	$ 1	$ 4

All components of each derivative's gain or loss were included in the assessment of hedge effectiveness.

Non-Qualifying Derivatives and Derivatives for Purposes Other Than Hedging

The Company enters into the following derivatives that do not qualify for hedge accounting or for purposes other than hedging: (i) interest rate swaps, implied volatility swaps, caps and floors and interest rate futures to economically hedge its exposure to interest rates; (ii) foreign currency forwards and swaps to economically hedge its exposure to adverse movements in exchange rates; (iii) credit default swaps to economically hedge exposure to adverse movements in credit; (iv) equity futures, equity index options, interest rate futures and equity variance swaps to economically hedge liabilities embedded in certain variable annuity products; (v) credit default swaps to synthetically create investments; (vi) interest rate forwards to buy and sell securities to economically hedge its exposure to interest rates; (vii) inflation swaps to reduce risk generated from inflation-indexed liabilities; (viii) covered call options for income generation; and (ix) equity options to economically hedge certain invested assets against adverse changes in equity indices.

The following tables present the amount and location of gains (losses) recognized in income for derivatives that were not designated or qualifying as hedging instruments:

	Net Derivative Gains (Losses)	Net Investment Income (1)	Policyholder Benefits and Claims (2)
		(In millions)	
For the Three Months Ended September 30, 2012:			
Interest rate swaps	$ (106)	$ —	$ —
Interest rate floors	—	—	—
Interest rate caps	(6)	—	—
Interest rate futures	30	—	—
Equity futures	(51)	—	(24)
Foreign currency swaps	(8)	—	—
Foreign currency forwards	(3)	—	—
Equity options	(62)	(1)	—
Interest rate options	1	—	—
Interest rate forwards	(3)	—	—
Variance swaps	(25)	—	—
Credit default swaps	20	—	—
Total	$ (213)	$ (1)	$ (24)
For the Three Months Ended September 30, 2011:			
Interest rate swaps	$ 366	$ —	$ —
Interest rate floors	106	—	—
Interest rate caps	(21)	—	—
Interest rate futures	80	—	—
Equity futures	7	—	20
Foreign currency swaps	28	—	—
Foreign currency forwards	13	—	—
Equity options	136	2	—
Interest rate options	—	—	—
Interest rate forwards	3	—	—
Variance swaps	66	—	—
Credit default swaps	(20)	—	—
Total	$ 764	$ 2	$ 20

	Net Derivative Gains (Losses)	Net Investment Income (1)	Policyholder Benefits and Claims (2)
		(In millions)	
For the Nine Months Ended September 30, 2012:			
Interest rate swaps	$ (67)	$ —	$ —
Interest rate floors	20	—	—
Interest rate caps	(18)	—	—
Interest rate futures	109	—	—
Equity futures	(144)	—	(47)
Foreign currency swaps	(3)	—	—
Foreign currency forwards	—	—	—
Equity options	(135)	(3)	—
Interest rate options	(10)	—	—
Interest rate forwards	(1)	—	—
Variance swaps	(74)	—	—
Credit default swaps	26	—	—
Total	$ (297)	$ (3)	$ (47)
For the Nine Months Ended September 30, 2011:			
Interest rate swaps	$ 370	$ —	$ —
Interest rate floors	107	—	—
Interest rate caps	(38)	—	—
Interest rate futures	68	—	—
Equity futures	11	—	19
Foreign currency swaps	30	—	—
Foreign currency forwards	(3)	—	—
Equity options	115	—	—
Interest rate options	—	—	—
Interest rate forwards	3	—	—
Variance swaps	56	—	—
Credit default swaps	(18)	—	—
Total	$ 701	$ —	$ 19

(1) Changes in estimated fair value related to economic hedges of equity method investments in joint ventures.

(2) Changes in estimated fair value related to economic hedges of variable annuity guarantees included in future policy benefits.

Credit Derivatives

In connection with synthetically created credit investment transactions, the Company writes credit default swaps for which it receives a premium to insure credit risk. Such credit derivatives are included within the non-qualifying derivatives and derivatives for purposes other than hedging table. If a credit event occurs, as defined by the contract, the contract may be cash settled or it may be settled gross by the Company paying the counterparty the specified swap notional amount in exchange for the delivery of par quantities of the referenced credit obligation. The Company's maximum amount at risk, assuming the value of all referenced credit obligations is zero, was $2.5 billion and $2.1 billion at September 30, 2012 and December 31, 2011, respectively. The Company can terminate these contracts at any time through cash settlement with the counterparty at an amount equal to the then current fair value of the credit default swaps. At September 30, 2012 and December 31, 2011, the Company would have received $19 million and paid $11 million, respectively, to terminate all of these contracts.

The following table presents the estimated fair value, maximum amount of future payments and weighted average years to maturity of written credit default swaps at:

Rating Agency Designation of Referenced Credit Obligations (1)	September 30, 2012			December 31, 2011		
	Estimated Fair Value of Credit Default Swaps	Maximum Amount of Future Payments under Credit Default Swaps (2)	Weighted Average Years to Maturity (3)	Estimated Fair Value of Credit Default Swaps	Maximum Amount of Future Payments under Credit Default Swaps (2)	Weighted Average Years to Maturity (3)
	(In millions)			(In millions)		
Aaa/Aa/A						
Single name credit default swaps (corporate)	$ 3	$ 167	3.4	$ 2	$ 212	4.3
Credit default swaps referencing indices	10	661	2.3	—	661	3.1
Subtotal	13	828	2.5	2	873	3.4
Baa						
Single name credit default swaps (corporate)	2	514	4.0	(6)	434	4.6
Credit default swaps referencing indices	4	1,124	4.8	(7)	793	4.8
Subtotal	6	1,638	4.5	(13)	1,227	4.7
Ba						
Single name credit default swaps (corporate)	—	—	—	—	—	—
Credit default swaps referencing indices	—	—	—	—	—	—
Subtotal	—	—	—	—	—	—
B						
Single name credit default swaps (corporate)	—	—	—	—	—	—
Credit default swaps referencing indices	—	36	4.8	—	—	—
Subtotal	—	36	4.8	—	—	—
Total	$ 19	$ 2,502	3.9	$ (11)	$ 2,100	4.2

(1) The rating agency designations are based on availability and the midpoint of the applicable ratings among Moody's Investors Service ("Moody's"), Standard & Poor's Rating Services ("S&P") and Fitch Ratings. If no rating is available from a rating agency, then an internally developed rating is used.

(2) Assumes the value of the referenced credit obligations is zero.

(3) The weighted average years to maturity of the credit default swaps is calculated based on weighted average notional amounts.

Credit Risk on Freestanding Derivatives

The Company may be exposed to credit-related losses in the event of nonperformance by counterparties to derivative financial instruments. Generally, the current credit exposure of the Company's derivative contracts is limited to the net positive estimated fair value of derivative contracts at the reporting date after taking into consideration the existence of netting agreements and any collateral received pursuant to credit support annexes.

The Company manages its credit risk related to OTC derivatives by entering into transactions with creditworthy counterparties, maintaining collateral arrangements and through the use of master agreements that provide for a single net payment to be made by one counterparty to another at each due date and upon termination. Because exchange-traded futures are effected through regulated exchanges, and positions are marked to market on a daily basis, the Company has minimal exposure to credit-related losses in the event of nonperformance by counterparties to such derivative instruments. See Note 5 for a description of the impact of credit risk on the valuation of derivative instruments.

The Company enters into various collateral arrangements which require both the pledging and accepting of collateral in connection with its OTC derivative instruments. At September 30, 2012 and December 31, 2011, the Company was obligated to return cash collateral under its control of $1.3 billion and $1.6 billion, respectively. This cash collateral is included in cash and cash equivalents or in short-term investments and the obligation to return it is included in payables for collateral under securities loaned and other transactions in the consolidated balance sheets. At September 30, 2012 and December 31, 2011, the Company had received collateral consisting of various securities with a fair market value of $391 million and $315 million, respectively, which were held in separate custodial accounts. Subject to certain constraints, the Company is permitted by contract to sell or repledge this collateral, but at September 30, 2012, none of the collateral had been sold or repledged.

The Company's collateral arrangements for its OTC derivatives generally require the counterparty in a net liability position, after considering the effect of netting agreements, to pledge collateral when the fair value of that counterparty's derivatives reaches a pre-determined threshold. Certain of these arrangements also include credit-contingent provisions that provide for a reduction of these thresholds (on a sliding scale that converges toward zero) in the event of downgrades in the credit ratings of the Company and/or the counterparty. In addition, certain of the Company's netting agreements for derivative instruments contain provisions that require both the Company and the counterparty to maintain a specific investment grade credit rating from each of Moody's and S&P. If a party's credit ratings were to fall below that specific investment grade credit rating, that party would be in violation of these provisions, and the other party to the derivative instruments could terminate the transactions and demand immediate settlement and payment based on such party's reasonable valuation of the derivative instruments.

The following table presents the estimated fair value of the Company's OTC derivatives that are in a net liability position after considering the effect of netting agreements, together with the estimated fair value and balance sheet location of the collateral pledged. The table also presents the incremental collateral that the Company would be required to provide if there was a one notch downgrade in the Company's credit rating at the reporting date or if the Company's credit rating sustained a downgrade to a level that triggered full overnight collateralization or termination of the derivative position at the reporting date. Derivatives that are not subject to collateral agreements are not included in the scope of this table.

		Estimated Fair Value of Collateral Provided (2):	Fair Value of Incremental Collateral Provided Upon:	
	Estimated Fair Value of Derivatives in Net Liability Position (1)	Fixed Maturity Securities	One Notch Downgrade in the Company's Credit Rating	Downgrade in the Company's Credit Rating to a Level that Triggers Full Overnight Collateralization or Termination of the Derivative Position
		(In millions)		
September 30, 2012	$ 64	$ 42	$ 3	$ 22
December 31, 2011	$ 14	$ 9	$ 1	$ 10

(1) After taking into consideration the existence of netting agreements.

(2) Included in fixed maturity securities in the consolidated balance sheets. Subject to certain constraints, the counterparties are permitted by contract to sell or repledge this collateral. At both September 30, 2012 and December 31, 2011, the Company did not provide any cash collateral.

Without considering the effect of netting agreements on the derivatives in the table above, the estimated fair value of the Company's OTC derivatives with credit-contingent provisions that were in a gross liability position at September 30, 2012 was $175 million. At September 30, 2012, the Company provided collateral of $42 million in connection with these derivatives. In the unlikely event that both: (i) the Company's credit rating was downgraded to a level that triggers full overnight collateralization or termination of all derivative positions; and (ii) the Company's netting agreements were deemed to be legally unenforceable, then the additional collateral that the Company would be required to provide to its counterparties in connection with its derivatives in a gross liability position at September 30, 2012 would be $133 million. This amount does not consider gross derivative assets of $111 million for which the Company has the contractual right of offset.

The Company also has exchange-traded futures, which may require the pledging of collateral. At both September 30, 2012 and December 31, 2011, the Company did not pledge any securities collateral for exchange-traded futures. At September 30, 2012 and December 31, 2011, the Company provided cash collateral for exchange-traded futures of $98 million and $140 million, respectively, which is included in premiums, reinsurance and other receivables.

Embedded Derivatives

The Company issues certain products or purchases certain investments that contain embedded derivatives that are required to be separated from their host contracts and accounted for as freestanding derivatives. These host contracts principally include: variable annuities with guaranteed minimum benefits, including guaranteed minimum withdrawal benefits ("GMWBs"), guaranteed minimum accumulation benefits ("GMABs") and certain guaranteed minimum income benefits ("GMIBs"); affiliated ceded reinsurance of guaranteed minimum benefits related to GMWBs, GMABs and certain GMIBs; affiliated assumed reinsurance of guaranteed minimum benefits related to GMWBs and certain GMIBs; funds withheld on ceded reinsurance; and certain debt and equity securities.

The following table presents the estimated fair value of the Company's embedded derivatives at:

	September 30, 2012	December 31, 2011
	(In millions)	
Net embedded derivatives within asset host contracts:		
Ceded guaranteed minimum benefits	$ 2,583	$ 2,815
Options embedded in debt or equity securities	(16)	(2)
Net embedded derivatives within asset host contracts	$ 2,567	$ 2,813
Net embedded derivatives within liability host contracts:		
Direct guaranteed minimum benefits	$ 681	$ 1,363
Assumed guaranteed minimum benefits	1	4
Funds withheld on ceded reinsurance	602	416
Net embedded derivatives within liability host contracts	$ 1,284	$ 1,783

The following table presents changes in estimated fair value related to embedded derivatives:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	(In millions)			
Net derivative gains (losses) (1), (2)	$ 91	$ 43	$ 270	$ 114

(1) The valuation of direct and assumed guaranteed minimum benefits includes a nonperformance risk adjustment. The amounts included in net derivative gains (losses), in connection with this adjustment, were ($110) million and ($212) million for the three months and nine months ended September 30, 2012, respectively, and $419 million and $391 million for the three months and nine months ended September 30, 2011, respectively. In addition, the valuation of ceded guaranteed minimum benefits includes a nonperformance risk adjustment. The amounts included in net derivative gains (losses), in connection with this adjustment, were $202 million and $241 million for the three months and nine months ended September 30, 2012, respectively, and ($542) million and ($519) million for the three months and nine months ended September 30, 2011, respectively.

(2) See Note 13 for discussion of affiliated net derivative gains (losses) included in the table above.

5. Fair Value

Considerable judgment is often required in interpreting market data to develop estimates of fair value, and the use of different assumptions or valuation methodologies may have a material effect on the estimated fair value amounts.

Recurring Fair Value Measurements

The assets and liabilities measured at estimated fair value on a recurring basis, including those items for which the Company has elected the FVO, were determined as described below. These estimated fair values and their corresponding placement in the fair value hierarchy are summarized as follows:

	September 30, 2012			
	Fair Value Measurements at Reporting Date Using			
	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Estimated Fair Value
	(In millions)			
Assets:				
Fixed maturity securities:				
U.S. corporate securities	$ —	$ 17,235	$ 1,572	$ 18,807
U.S. Treasury and agency securities	5,742	4,292	—	10,034
Foreign corporate securities	—	8,284	735	9,019
RMBS	—	5,902	252	6,154
CMBS	—	2,302	159	2,461
State and political subdivision securities	—	2,284	25	2,309
ABS	—	1,983	293	2,276
Foreign government securities	—	1,423	2	1,425
Total fixed maturity securities	5,742	43,705	3,038	52,485
Equity securities:				
Common stock	56	72	23	151
Non-redeemable preferred stock	—	46	92	138
Total equity securities	56	118	115	289
Other securities:				
FVO general account securities	—	8	—	8
FVO contractholder-directed unit-linked investments (1)	—	—	—	—
Total other securities	—	8	—	8
Short-term investments (2)	792	1,014	66	1,872
Mortgage loans held by CSEs	—	2,879	—	2,879
Derivative assets: (3)				
Interest rate	—	1,783	168	1,951
Foreign currency exchange rate	—	85	—	85
Credit	—	11	10	21
Equity market	6	451	15	472
Total derivative assets	6	2,330	193	2,529
Net embedded derivatives within asset host contracts (4)	—	—	2,583	2,583
Separate account assets (5)	215	84,180	148	84,543
Total assets	$ 6,811	$ 134,234	$ 6,143	$ 147,188
Liabilities:				
Derivative liabilities: (3)				
Interest rate	$ 1	$ 737	$ 26	$ 764
Foreign currency exchange rate	—	62	—	62
Credit	—	4	—	4
Equity market	—	—	46	46
Total derivative liabilities	1	803	72	876
Net embedded derivatives within liability host contracts (4)	—	—	1,284	1,284
Long-term debt of CSEs	—	2,790	—	2,790
Total liabilities	$ 1	$ 3,593	$ 1,356	$ 4,950

	December 31, 2011			
	Fair Value Measurements at Reporting Date Using			
	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Estimated Fair Value
	(In millions)			
Assets:				
Fixed maturity securities:				
U.S. corporate securities	$ —	$ 15,907	$ 1,432	$ 17,339
U.S. Treasury and agency securities	4,326	3,722	—	8,048
Foreign corporate securities	—	7,913	580	8,493
RMBS	—	6,255	239	6,494
CMBS	—	2,080	147	2,227
State and political subdivision securities	—	2,032	23	2,055
ABS	—	1,658	220	1,878
Foreign government securities	—	1,245	2	1,247
Total fixed maturity securities	4,326	40,812	2,643	47,781
Equity securities:				
Common stock	51	74	21	146
Non-redeemable preferred stock	—	30	76	106
Total equity securities	51	104	97	252
Other securities:				
FVO general account securities	—	49	—	49
FVO contractholder-directed unit-linked investments	3,616	—	—	3,616
Total other securities	3,616	49	—	3,665
Short-term investments (2)	865	1,684	10	2,559
Mortgage loans held by CSEs	—	3,138	—	3,138
Derivative assets: (3)				
Interest rate	10	1,708	187	1,905
Foreign currency exchange rate	—	306	—	306
Credit	—	12	6	18
Equity market	4	482	51	537
Total derivative assets	14	2,508	244	2,766
Net embedded derivatives within asset host contracts (4)	—	—	2,815	2,815
Separate account assets (5)	185	72,244	130	72,559
Total assets	$ 9,057	$ 120,539	$ 5,939	$ 135,535
Liabilities:				
Derivative liabilities: (3)				
Interest rate	$ 1	$ 566	$ 13	$ 580
Foreign currency exchange rate	—	62	—	62
Credit	—	21	7	28
Equity market	—	2	8	10
Total derivative liabilities	1	651	28	680
Net embedded derivatives within liability host contracts (4)	—	—	1,783	1,783
Long-term debt of CSEs	—	3,065	—	3,065
Total liabilities	$ 1	$ 3,716	$ 1,811	$ 5,528

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(1) During June 2012, the Company disposed of MetLife Europe which held the FVO contractholder-directed unit-linked investments. See Note 2.

(2) Short-term investments as presented in the tables above differ from the amounts presented in the consolidated balance sheets because certain short-term investments are not measured at estimated fair value on a recurring basis.

(3) Derivative assets are presented within other invested assets in the consolidated balance sheets and derivative liabilities are presented within other liabilities in the consolidated balance sheets. The amounts are presented gross in the tables above to reflect the presentation in the consolidated balance sheets, but are presented net for purposes of the rollforward in the Fair Value Measurements Using Significant Unobservable Inputs (Level 3) tables.

(4) Net embedded derivatives within asset host contracts are presented within premiums, reinsurance and other receivables in the consolidated balance sheets. Net embedded derivatives within liability host contracts are presented primarily within PABs and other liabilities in the consolidated balance sheets. At September 30, 2012, fixed maturity securities and equity securities also included embedded derivatives of $0 and ($16) million, respectively. At December 31, 2011, fixed maturity securities and equity securities included embedded derivatives of $1 million and ($3) million, respectively.

(5) Separate account assets are measured at estimated fair value. Investment performance related to separate account assets is fully offset by corresponding amounts credited to contractholders whose liability is reflected within separate account liabilities. Separate account liabilities are set equal to the estimated fair value of separate account assets.

Investments

On behalf of the Company's chief investment officer and chief financial officer, a pricing and valuation committee that is independent of the trading and investing functions and comprised of senior management, provides oversight of control systems and valuation policies for securities, mortgage loans and derivatives. On a monthly basis, this committee reviews and approves new transaction types and markets, ensures that observable market prices and market-based parameters are used for valuation, wherever possible, determines that judgmental valuation adjustments, when applied, are based upon established policies and are applied consistently over time and provides oversight of the selection of independent third party pricing providers and the controls and procedures to evaluate third party pricing. Periodically, the chief accounting officer reports to the audit committee on compliance with fair value accounting standards.

The Company reviews its valuation methodologies on an ongoing basis and revises those methodologies when necessary based on changing market conditions. Assurance is gained on the overall reasonableness and consistent application of input assumptions, valuation methodologies and compliance with fair value accounting standards through controls designed to ensure valuations represent an exit price. Several controls are utilized, including certain monthly controls, which include, but are not limited to, analysis of portfolio returns to corresponding benchmark returns, comparing a sample of executed prices of securities sold to the fair value estimates, comparing fair value estimates to management's knowledge of the current market, reviewing the bid/ask spreads to assess activity, comparing prices from multiple independent pricing services and ongoing due diligence to confirm that independent pricing services use market-based parameters. The process includes a determination of the observability of inputs used in estimated fair values received from independent pricing services or brokers by assessing whether these inputs can be corroborated by observable market data. The Company ensures that prices received from independent brokers, also referred to herein as "consensus pricing," represent a reasonable estimate of fair value by reviewing such pricing with the Company's knowledge of the current market dynamics and current pricing for similar financial instruments. While independent non-binding broker quotations are utilized, they are not used for a significant portion of the portfolio. For example, fixed maturity securities priced using independent non-binding broker quotations represent less than 0.5% of the total estimated fair value of fixed maturity securities and represent only 8% of the total estimated fair value of Level 3 fixed maturity securities.

The Company also applies a formal process to challenge any prices received from independent pricing services that are not considered representative of estimated fair value. If prices received from independent pricing services are not considered reflective of market activity or representative of estimated fair value, independent non-binding broker quotations are obtained, or an internally developed valuation is prepared. Internally developed valuations of current estimated fair value, which reflect internal estimates of liquidity and nonperformance risks, compared with pricing received from the independent pricing services, did not produce material differences in the estimated fair values for the majority of the portfolio; accordingly, overrides were not material. This is, in part, because internal estimates of liquidity and nonperformance risks are generally based on available market evidence and estimates used by other market participants. In the absence of such market-based evidence, management's best estimate is used.

Securities, Short-term Investments and Long-term Debt of CSEs

When available, the estimated fair value of fixed maturity securities, equity securities, other securities and short-term investments are based on quoted prices in active markets that are readily and regularly obtainable. Generally, these are the most liquid of the Company's securities holdings and valuation of these securities does not involve management's judgment.

When quoted prices in active markets are not available, the determination of estimated fair value is based on market standard valuation methodologies, giving priority to observable inputs. The significant inputs to the market standard valuation methodologies for certain types of securities with reasonable levels of price transparency are inputs that are observable in the market or can be derived principally from, or corroborated by, observable market data. When observable inputs are not available, the market standard valuation methodologies for determining the estimated fair value of certain types of securities that trade infrequently, and therefore have little or no price transparency, rely on inputs that are significant to the estimated fair value that are not observable in the market or cannot be derived principally from, or corroborated by, observable market data. These unobservable inputs can be based in large part on management's judgment or estimation and cannot be supported by reference to market activity. Even though these inputs are unobservable, management believes they are consistent with what other market participants would use when pricing such securities and are considered appropriate given the circumstances.

The estimated fair value of long-term debt of CSEs is determined on a basis consistent with the methodologies described herein for securities.

The use of different methodologies, assumptions and inputs may have a material effect on the estimated fair values of the Company's securities holdings.

Level 2 Measurements:

This level includes fixed maturity securities and equity securities priced principally by independent pricing services using observable inputs. Other securities and short-term investments within this level are of a similar nature and class to the Level 2 fixed maturity securities and equity securities described below.

U.S. corporate and foreign corporate securities

These securities are principally valued using the market and income approaches. Valuations are based primarily on quoted prices in markets that are not active, or using matrix pricing or other similar techniques that use standard market observable inputs such as benchmark yields, spreads off benchmark yields, new issuances, issuer rating, duration, and trades of identical or comparable securities. Investment grade privately placed securities are valued using discounted cash flow ("DCF") methodologies using standard market observable inputs, and inputs derived from, or corroborated by, market observable data including market yield curve, duration, call provisions, observable prices and spreads for similar publicly traded or privately traded issues that incorporate the credit quality and industry sector of the issuer. This level also includes certain below investment grade privately placed fixed maturity securities priced by independent pricing services that use observable inputs.

U.S. Treasury and agency securities

These securities are principally valued using the market approach. Valuation is based primarily on quoted prices in markets that are not active or using matrix pricing or other similar techniques using standard market observable inputs such as benchmark U.S. Treasury yield curve, the spread off the U.S. Treasury yield curve for the identical security and comparable securities that are actively traded.

Structured securities comprised of RMBS, CMBS and ABS

These securities are principally valued using the market approach and income approach. Valuation is based primarily on matrix pricing, DCF methodologies or other similar techniques using standard market inputs including spreads for actively traded securities, spreads off benchmark yields, expected prepayment speeds and volumes, current and forecasted loss severity, rating, weighted average coupon, weighted average maturity, average delinquency rates, geographic region, debt-service coverage ratios and issuance-specific information including, but not limited to: collateral type, payment terms of the underlying assets, payment priority within the tranche, structure of the security, deal performance and vintage of loans.

Foreign government and state and political subdivision securities

These securities are principally valued using the market approach. Valuation is based primarily on matrix pricing or other similar techniques using standard market observable inputs including benchmark U.S. Treasury yield or other yields, issuer ratings, broker-dealer quotes, issuer spreads and reported trades of similar securities, including those within the same sub-sector or with a similar maturity or credit rating.

Common and non-redeemable preferred stock

These securities are principally valued using the market approach where market quotes are available but are not considered actively traded. Valuation is based principally on observable inputs including quoted prices in markets that are not considered active.

Level 3 Measurements:

In general, fixed maturity securities and equity securities classified within Level 3 use many of the same valuation techniques and inputs as described in Level 2 Measurements. However, if key inputs are unobservable, or if the investments are less liquid and there is very limited trading activity, the investments are generally classified as Level 3. The use of independent non-binding broker quotations to value investments generally indicates there is a lack of liquidity or a lack of transparency in the process to develop the valuation estimates generally causing these investments to be classified in Level 3.

Short-term investments within this level are of a similar nature and class to the Level 3 securities described below; accordingly, the valuation techniques and significant market standard observable inputs used in their valuation are also similar to those described below.

U.S. corporate and foreign corporate securities

These securities, including financial services industry hybrid securities classified within fixed maturity securities, are principally valued using the market approach. Valuations are based primarily on matrix pricing or other similar techniques that utilize unobservable inputs or inputs that cannot be derived principally from, or corroborated by, observable market data, including illiquidity premium, delta spread adjustments or spreads over below investment grade curves to reflect industry trends or specific credit-related issues; and inputs including quoted prices for identical or similar securities that are less liquid and based on lower levels of trading activity than securities classified in Level 2. Certain valuations are based on independent non-binding broker quotations.

Structured securities comprised of RMBS, CMBS and ABS

These securities are principally valued using the market approach and income approach. Valuation is based primarily on matrix pricing, DCF methodologies or other similar techniques that utilize inputs that are unobservable or cannot be derived principally from, or corroborated by, observable market data including spreads over below investment grade curves to reflect industry trends on specific credit-related issues. Below investment grade securities, alternative residential mortgage loan RMBS and RMBS supported by sub-prime mortgage loans included in this level are valued based on inputs including quoted prices for identical or similar securities that are less liquid and based on lower levels of trading activity than securities classified in Level 2. Certain of these valuations are based on independent non-binding broker quotations.

Foreign government and state and political subdivision securities

These securities are principally valued using the market approach. Valuation is based primarily on independent non-binding broker quotations and inputs including quoted prices for identical or similar securities that are less liquid and based on lower levels of trading activity than securities classified in Level 2.

Common and non-redeemable preferred stock

These securities, including privately held securities and financial services industry hybrid securities classified within equity securities, are principally valued using the market and income approaches. Valuations are based primarily on matrix pricing, DCF methodologies or other similar techniques using inputs such as comparable credit rating and issuance structure. Certain of these securities are valued based on inputs including quoted prices for identical or similar securities that are less liquid and based on lower levels of trading activity than securities classified in Level 2 and independent non-binding broker quotations.

Mortgage Loans Held by CSEs

The Company consolidates certain securitization entities that hold mortgage loans.

Level 2 Measurements:

These investments are principally valued using the market approach. The principal market for these investments is the securitization market. The Company uses the quoted securitization market price of the obligations of the CSEs to determine the estimated fair value of these commercial loan portfolios. These market prices are determined principally by independent pricing services using observable inputs.

Separate Account Assets

Separate account assets are carried at estimated fair value and reported as a summarized total on the consolidated balance sheets. The estimated fair value of separate account assets is based on the estimated fair value of the underlying assets. Assets within the Company's separate accounts include: mutual funds, fixed maturity securities, equity securities, derivatives, other limited partnership interests, short-term investments and cash and cash equivalents.

Level 2 Measurements:

These assets are comprised of investments that are similar in nature to the instruments described under "— Securities, Short-term Investments and Long-term Debt of CSEs." Also included are certain mutual funds without readily determinable fair values given prices are not published publicly. Valuation of the mutual funds is based upon quoted prices or reported net asset values ("NAVs") provided by the fund managers.

Level 3 Measurements:

These assets are comprised of investments that are similar in nature to the instruments described under "— Securities, Short-term Investments and Long-term Debt of CSEs." Separate account assets within this level also include other limited partnership interests. Other limited partnership interests are valued giving consideration to the value of the underlying holdings of the partnerships and by applying a premium or discount, if appropriate, for factors such as liquidity, bid/ask spreads, the performance record of the fund manager or other relevant variables which may impact the exit value of the particular partnership interest.

Derivatives

The estimated fair value of derivatives is determined through the use of quoted market prices for exchange-traded derivatives or through the use of pricing models for OTC derivatives. The determination of estimated fair value, when quoted market values are not available, is based on market standard valuation methodologies and inputs that management believes are consistent with what other market participants would use when pricing such instruments. Derivative valuations can be affected by changes in interest rates, foreign currency exchange rates, financial indices, credit spreads, default risk, nonperformance risk, volatility, liquidity and changes in estimates and assumptions used in the pricing models. The valuation process for derivatives is described above in "— Investments."

The significant inputs to the pricing models for most OTC derivatives are inputs that are observable in the market or can be derived principally from, or corroborated by, observable market data. Significant inputs that are observable generally include: interest rates, foreign currency exchange rates, interest rate curves, credit curves and volatility. However, certain OTC derivatives may rely on inputs that are significant to the estimated fair value that are not observable in the market or cannot be derived principally from, or corroborated by, observable market data. Significant inputs that are unobservable generally include references to emerging market currencies and inputs that are outside the observable portion of the interest rate curve, credit curve, volatility or other relevant market measure. These unobservable inputs may involve significant management judgment or estimation. Even though unobservable, these inputs are based on assumptions deemed appropriate given the circumstances and management believes they are consistent with what other market participants would use when pricing such instruments.

The credit risk of both the counterparty and the Company are considered in determining the estimated fair value for all OTC derivatives, and any potential credit adjustment is based on the net exposure by counterparty after taking into account the effects of netting agreements and collateral arrangements. The Company values its derivative positions using the standard swap curve which includes a spread to the risk free rate. This credit spread is appropriate for those parties that execute trades at pricing levels consistent with the standard swap curve. As the Company and its significant derivative counterparties consistently execute trades at such pricing levels, additional credit risk adjustments are not currently required in the valuation process. The Company's ability to consistently execute at such pricing levels is in part due to the netting agreements and collateral arrangements that are in place with all of its significant derivative counterparties. An evaluation of the requirement to make additional credit risk adjustments is performed by the Company each reporting period.

Most inputs for OTC derivatives are mid-market inputs but, in certain cases, bid level inputs are used when they are deemed more representative of exit value. Market liquidity, as well as the use of different methodologies, assumptions and inputs, may have a material effect on the estimated fair values of the Company's derivatives and could materially affect net income.

Freestanding Derivatives

Level 2 Measurements:

This level includes all types of derivative instruments utilized by the Company with the exception of exchange-traded derivatives included within Level 1 and those derivative instruments with unobservable inputs as described in Level 3. These derivatives are principally valued using the income approach.

Interest rate

Non-option-based. — Valuations are based on present value techniques, which utilize significant inputs that may include the swap yield curve and LIBOR basis curves.

Option-based. — Valuations are based on option pricing models, which utilize significant inputs that may include the swap yield curve, LIBOR basis curves and interest rate volatility.

Foreign currency exchange rate

Non-option-based. — Valuations are based on present value techniques, which utilize significant inputs that may include the swap yield curve, LIBOR basis curves, currency spot rates and cross currency basis curves.

Credit

Non-option-based. — Valuations are based on present value techniques, which utilize significant inputs that may include the swap yield curve, credit curves and recovery rates.

Equity market

Non-option-based. — Valuations are based on present value techniques, which utilize significant inputs that may include the swap yield curve, spot equity index levels and dividend yield curves.

Option-based. — Valuations are based on option pricing models, which utilize significant inputs that may include the swap yield curve, spot equity index levels, dividend yield curves and equity volatility.

Level 3 Measurements:

These derivatives are principally valued using the income approach. Valuations of non-option-based derivatives utilize present value techniques, whereas valuations of option-based derivatives utilize option pricing models. These valuation methodologies generally use the same inputs as described in the corresponding sections above for Level 2 measurements of derivatives. However, these derivatives result in Level 3 classification because one or more of the significant inputs are not observable in the market or cannot be derived principally from, or corroborated by, observable market data.

Interest rate

Non-option-based. — Significant unobservable inputs may include the extrapolation beyond observable limits of the swap yield curve and LIBOR basis curves.

Credit

Non-option-based. — Significant unobservable inputs may include credit spreads, repurchase rates and the extrapolation beyond observable limits of the swap yield curve and credit curves. Certain of these derivatives are valued based on independent non-binding broker quotations.

Equity market

Non-option-based. — Significant unobservable inputs may include the extrapolation beyond observable limits of dividend yield curves and equity volatility.

Embedded Derivatives

Embedded derivatives principally include certain direct, assumed and ceded variable annuity guarantees and embedded derivatives related to funds withheld on ceded reinsurance. Embedded derivatives are recorded at estimated fair value with changes in estimated fair value reported in net income.

The Company issues and assumes certain variable annuity products with guaranteed minimum benefits. GMWBs, GMABs and certain GMIBs are embedded derivatives, which are measured at estimated fair value separately from the host variable annuity contract, with changes in estimated fair value reported in net derivative gains (losses). These embedded derivatives are classified within PABs in the consolidated balance sheets.

The fair value of these embedded derivatives, estimated as the present value of projected future benefits minus the present value of projected future fees using actuarial and capital market assumptions including expectations concerning policyholder behavior, is calculated by the Company's actuarial department. The calculation is based on in-force business, and is performed using standard actuarial valuation software which projects future cash flows from the embedded derivative over multiple risk neutral stochastic scenarios using observable risk free rates.

Capital market assumptions, such as risk free rates and implied volatilities, are based on market prices for publicly traded instruments to the extent that prices for such instruments are observable. Implied volatilities beyond the observable period are extrapolated based on observable implied volatilities and historical volatilities. Actuarial assumptions, including mortality, lapse, withdrawal and utilization, are unobservable and are reviewed at least annually based on actuarial studies of historical experience.

The valuation of these guarantee liabilities includes nonperformance risk adjustments and adjustments for a risk margin related to non-capital market inputs. The nonperformance risk adjustment is determined by taking into consideration publicly available information relating to spreads in the secondary market for MetLife's debt, including related credit default swaps. These observable spreads are then adjusted, as necessary, to reflect the priority of these liabilities and the claims paying ability of the issuing insurance subsidiaries compared to MetLife.

Risk margins are established to capture the non-capital market risks of the instrument which represent the additional compensation a market participant would require to assume the risks related to the uncertainties of such actuarial assumptions as annuitization, premium persistency, partial withdrawal and surrenders. The establishment of risk margins requires the use of significant management judgment, including assumptions of the amount and cost of capital needed to cover the guarantees. These guarantees may be more costly than expected in volatile or declining equity markets. Market conditions including, but not limited to, changes in interest rates, equity indices, market volatility and foreign currency exchange rates; changes in nonperformance risk; and variations in actuarial assumptions regarding policyholder behavior, mortality and risk margins related to non-capital market inputs, may result in significant fluctuations in the estimated fair value of the guarantees that could materially affect net income.

The Company assumed, from an affiliated insurance company, the risk associated with certain GMIBs and GMWBs. These embedded derivatives are included in other policy-related balances in the consolidated balance sheets with changes in estimated fair value reported in net derivative gains (losses). The value of the embedded derivatives on these assumed risks is determined using a methodology consistent with that described previously for the guarantees directly written by the Company.

The Company ceded, to an affiliated reinsurance company, the risk associated with certain of the GMIBs, GMABs and GMWBs described above that are also accounted for as embedded derivatives. In addition to ceding risks associated with guarantees that are accounted for as embedded derivatives, the Company also cedes, to the same affiliated reinsurance company, certain directly written GMIBs that are accounted for as insurance (i.e., not as embedded derivatives), but where the reinsurance agreement contains an embedded derivative. These embedded derivatives are included within premiums, reinsurance and other receivables in the consolidated balance sheets with changes in estimated fair value reported in net derivative gains (losses). The value of the embedded derivatives on these ceded risks is determined using a methodology consistent with that described previously for the guarantees directly written by the Company with the exception of the input for nonperformance risk that reflects the credit of the reinsurer.

The estimated fair value of the embedded derivatives within funds withheld related to certain ceded reinsurance is determined based on the change in estimated fair value of the underlying assets held by the Company in a reference portfolio backing the funds withheld liability. The estimated fair value of the underlying assets is determined as previously described in "— Securities, Short-term Investments and Long-term Debt of CSEs." The estimated fair value of these embedded derivatives is included, along with their funds withheld hosts, in other liabilities in the consolidated balance sheets with changes in estimated fair value recorded in net derivative gains (losses). Changes in the credit spreads on the underlying assets, interest rates and market volatility may result in significant fluctuations in the estimated fair value of these embedded derivatives that could materially affect net income.

Embedded Derivatives Within Asset and Liability Host Contracts

Level 3 Measurements:

Direct and Assumed Guaranteed Minimum Benefits

These embedded derivatives are principally valued using the income approach. Valuations are based on option pricing techniques, which utilize significant inputs that may include swap yield curve, currency exchange rates and implied volatilities. These embedded derivatives result in Level 3 classification because one or more of the significant inputs are not observable in the market or cannot be derived principally from, or corroborated by, observable market data. Significant unobservable inputs generally include: the extrapolation beyond observable limits of the swap yield curve and implied volatilities, actuarial assumptions for policyholder behavior and mortality and the potential variability in policyholder behavior and mortality, nonperformance risk and cost of capital for purposes of calculating the risk margin.

Reinsurance Ceded on Certain Guaranteed Minimum Benefits

These embedded derivatives are principally valued using the income approach. The valuation techniques and significant market standard unobservable inputs used in their valuation are similar to those described above in "— Direct and Assumed Guaranteed Minimum Benefits" and also include counterparty credit spreads.

Transfers between Levels:

Overall, transfers between levels occur when there are changes in the observability of inputs and market activity. Transfers into or out of any level are assumed to occur at the beginning of the period.

Transfers between Levels 1 and 2:

For assets and liabilities measured at estimated fair value and still held at September 30, 2012, there were no transfers between Levels 1 and 2. Transfers between Levels 1 and 2 for assets and liabilities measured at estimated fair value and still held at held at December 31, 2011 were not significant.

Transfers into or out of Level 3:

Transfers into or out of Level 3 are presented in the tables which follow. Assets and liabilities are transferred into Level 3 when a significant input cannot be corroborated with market observable data. This occurs when market activity decreases significantly and underlying inputs cannot be observed, current prices are not available, and/or when there are significant variances in quoted prices, thereby affecting transparency. Assets and liabilities are transferred out of Level 3 when circumstances change such that a significant input can be corroborated with market observable data. This may be due to a significant increase in market activity, a specific event, or one or more significant input(s) becoming observable.

Transfers into Level 3 for fixed maturity securities and separate account assets were due primarily to a lack of trading activity, decreased liquidity and credit ratings downgrades (e.g., from investment grade to below investment grade) which have resulted in decreased transparency of valuations and an increased use of independent non-binding broker quotations and unobservable inputs to determine estimated fair value.

Transfers out of Level 3 for fixed maturity securities and separate account assets resulted primarily from increased transparency of both new issuances that subsequent to issuance and establishment of trading activity, became priced by independent pricing services and existing issuances that, over time, the Company was able to obtain pricing from, or corroborate pricing received from, independent pricing services with observable inputs or increases in market activity and upgraded credit ratings.

Assets and Liabilities Measured at Fair Value Using Significant Unobservable Inputs (Level 3)

The following table presents certain quantitative information about the significant unobservable inputs used in the fair value measurement for the more significant asset and liability classes measured at fair value on a recurring basis using significant unobservable inputs (Level 3).

	Valuation Techniques	Significant Unobservable Inputs	Range	Weighted Average
Fixed maturity securities:				
U.S. corporate and foreign corporate securities	• Matrix pricing	• Delta spread adjustments (1)	(100) – 512	111
		• Illiquidity premium (1)	30 – 30	
		• Spreads from below investment grade curves (1)	(179) – 879	267
		• Offered quotes (2)	99 – 100	
	• Market pricing	• Quoted prices (2)	(48) – 555	144
	• Consensus pricing	• Offered quotes (2)	— – 600	
RMBS	• Matrix pricing and DCF	• Spreads from below investment grade curves (1)	— – 2,491	529
	• Market pricing	• Quoted prices (2)	100 – 100	100
CMBS	• Matrix pricing and DCF	• Spreads from below investment grade curves (1)	— – 9,069	403
	• Market pricing	• Quoted prices (2)	100 – 104	102
ABS	• Matrix pricing and DCF	• Spreads from below investment grade curves (1)	— – 900	202
	• Market pricing	• Quoted prices (2)	97 – 102	100
	• Consensus pricing	• Offered quotes (2)	46 – 111	
Foreign government securities	• Consensus pricing	• Offered quotes (2)	116 – 116	
Derivatives:				
Interest rate	• Present value techniques	• Swap yield (1)	227 – 352	
Credit	• Present value techniques	• Credit spreads (1)	— – 100	
	• Consensus pricing	• Offered quotes (3)		
Equity market	• Present value techniques	• Volatility	16% – 27%	
Embedded derivatives:				
Direct and ceded guaranteed minimum benefits	• Option pricing techniques	• Mortality rates:		
		Ages 0 - 40	0% – 0.10%	
		Ages 41 - 60	0.05% – 0.64%	
		Ages 61 - 115	0.32% – 100%	
		• Lapse rates:		
		Durations 1 - 10	0.50% – 100%	
		Durations 11 - 20	3% – 100%	
		Durations 21 - 116	3% – 100%	
		• Utilization rates (4)	20% – 50%	
		• Withdrawal rates	0.07% – 10%	
		• Long-term equity volatilities	17.40% – 25%	
		• Nonperformance risk spread	0.17% – 0.78%	

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(1) For this unobservable input, range and weighted average are presented in basis points.

(2) For this unobservable input, range and weighted average are presented in accordance with the market convention for fixed maturity securities of dollars per hundred dollars of par.

(3) At September 30, 2012, independent non-binding broker quotations were used in the determination of less than 1% of the total net derivative estimated fair value.

(4) This range is attributable to certain GMIB and lifetime withdrawal benefits.

The following is a summary of the valuation techniques and significant unobservable inputs used in the fair value measurement for other types of financial instruments classified within Level 3. These financial instruments are subject to the controls described under "— Investments." Generally, all other classes of securities including those within separate account assets and embedded derivatives within funds withheld related to certain ceded reinsurance use the same valuation techniques and significant unobservable inputs as previously described for Level 3 fixed maturity securities. This includes matrix pricing and DCF methodologies, inputs such as quoted prices for identical or similar securities that are less liquid and based on lower levels of trading activity than securities classified in Level 2, as well as independent non-binding broker quotations.

A description of the sensitivity of the estimated fair value to changes in the significant unobservable inputs for certain of the major asset and liability classes described above is as follows:

U.S. corporate and foreign corporate securities

Significant spread widening in isolation will adversely impact the overall valuation, while significant spread tightening will lead to substantial valuation increases. Significant increases (decreases) in illiquidity premiums in isolation would result in substantially lower (higher) valuations. Significant increases (decreases) in expected default rates in isolation would result in substantially lower (higher) valuations. Significant increases (decreases) in offered quotes in isolation would result in substantially higher (lower) valuations.

Structured securities comprised of RMBS, CMBS and ABS

Significant spread widening in isolation will adversely impact the overall valuation, while significant spread tightening will lead to substantial valuation increases. Significant increases (decreases) in offered quotes in isolation would result in substantially higher (lower) valuations. In general, changes in the assumptions used for the probability of default is accompanied by a directionally similar change in the assumption used for the loss severity and a directionally opposite change in the assumption used for prepayment rates.

Foreign government securities

Significant spread widening in isolation will adversely impact the overall valuation, while significant spread tightening will lead to substantial valuation increases. Significant increases (decreases) in expected default rates in isolation would result in substantially lower (higher) valuations. Significant increases (decreases) in offered quotes in isolation would result in substantially higher (lower) valuations.

Interest rate

Significant increases (decreases) in the unobservable portion of the swap yield curve in isolation will result in substantial valuation changes.

Credit

Credit contracts with significant unobservable inputs are primarily comprised of credit default swaps written by the Company. Significant credit spread widening in isolation will result in substantially higher adverse valuations, while significant spread tightening will result in substantially lower adverse valuations. Significant increases (decreases) in offered quotes in isolation will result in substantially higher (lower) valuations.

Equity market

Significant decreases in the equity volatility in isolation will adversely impact overall valuation, while significant increases in equity volatility will result in substantial valuation increases.

Direct and ceded guaranteed minimum benefits

For any increase (decrease) in mortality and lapse rates, the fair value of the guarantees will decrease (increase). For any increase (decrease) in utilization and volatility, the fair value of the guarantees will increase (decrease). Specifically for GMWBs, for any increase (decrease) in withdrawal rates, the fair value of the guarantees will increase (decrease). Specifically for GMABs and GMIBs, for any increase (decrease) in withdrawal rates, the fair value of the guarantees will decrease (increase).

The following tables summarize the change of all assets and (liabilities) measured at estimated fair value on a recurring basis using significant unobservable inputs (Level 3), including realized and unrealized gains (losses) of all assets and (liabilities) and realized and unrealized gains (losses) of all assets and (liabilities) still held at the end of the respective periods:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)							
	Fixed Maturity Securities:							
	U.S. Corporate Securities	U.S. Treasury and Agency Securities	Foreign Corporate Securities	RMBS	CMBS	State and Political Subdivision Securities	ABS	Foreign Government Securities
	(In millions)							
Three Months Ended September 30, 2012:								
Balance, beginning of period	$ 1,522	$ —	$ 698	$ 233	$ 158	$ 25	$ 289	$ 2
Total realized/unrealized gains (losses) included in:								
Net income (loss): (1), (2)								
Net investment income	2	—	—	—	—	—	—	—
Net investment gains (losses)	—	—	(14)	(1)	—	—	—	—
Net derivative gains (losses)	—	—	—	—	—	—	—	—
Other comprehensive income (loss)	73	—	19	16	(1)	—	4	—
Purchases (3)	56	—	26	27	32	—	7	—
Sales (3)	(45)	—	(26)	(24)	(37)	—	(3)	—
Issuances (3)	—	—	—	—	—	—	—	—
Settlements (3)	—	—	—	—	—	—	—	—
Transfers into Level 3 (4)	2	—	40	1	22	—	—	—
Transfers out of Level 3 (4)	(38)	—	(8)	—	(15)	—	(4)	—
Balance, end of period	$ 1,572	$ —	$ 735	$ 252	$ 159	$ 25	$ 293	$ 2
Changes in unrealized gains (losses) relating to assets and liabilities still held at September 30, 2012 included in net income (loss):								
Net investment income	$ 2	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Net investment gains (losses)	$ —	$ —	$ (10)	$ —	$ —	$ —	$ —	$ —
Net derivative gains (losses)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)							
	Equity Securities:			Net Derivatives: (5)				
	Common Stock	Non-redeemable Preferred Stock	Short-term Investments	Interest Rate	Credit	Equity Market	Net Embedded Derivatives (6)	Separate Account Assets (7)
	(In millions)							
Three Months Ended September 30, 2012:								
Balance, beginning of period	$ 22	$ 91	$ 22	$ 169	$ 6	$ (6)	$ 1,214	$ 149
Total realized/unrealized gains (losses) included in:								
Net income (loss): (1), (2)								
Net investment income	—	—	—	—	—	—	—	—
Net investment gains (losses)	1	—	—	—	—	—	—	—
Net derivative gains (losses)	—	—	—	(6)	4	(25)	95	—
Other comprehensive income (loss)	1	1	—	(6)	—	—	—	—
Purchases (3)	—	—	45	—	—	—	—	4
Sales (3)	(1)	—	(1)	—	—	—	—	(3)
Issuances (3)	—	—	—	(10)	—	—	—	—
Settlements (3)	—	—	—	(5)	—	—	(10)	—
Transfers into Level 3 (4)	—	—	—	—	—	—	—	—
Transfers out of Level 3 (4)	—	—	—	—	—	—	—	(2)
Balance, end of period	$ 23	$ 92	$ 66	$ 142	$ 10	$ (31)	$ 1,299	$ 148
Changes in unrealized gains (losses) relating to assets and liabilities still held at September 30, 2012 included in net income (loss):								
Net investment income	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Net investment gains (losses)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Net derivative gains (losses)	$ —	$ —	$ —	$ (4)	$ 4	$ (25)	$ 97	$ —

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (Continued)

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)							
	Fixed Maturity Securities:							
	U.S. Corporate Securities	U.S. Treasury and Agency Securities	Foreign Corporate Securities	RMBS (8)	CMBS	State and Political Subdivision Securities	ABS (8)	Foreign Government Securities
	(In millions)							
Three Months Ended September 30, 2011:								
Balance, beginning of period	$ 1,445	$ —	$ 756	$ 250	$ 155	$ 25	$ 77	$ 2
Total realized/unrealized gains (losses) included in:								
Net income (loss): (1), (2)								
Net investment income	3	—	—	—	—	—	—	—
Net investment gains (losses)	28	—	—	—	—	—	—	—
Net derivative gains (losses)	—	—	—	—	—	—	—	—
Other comprehensive income (loss)	70	—	(19)	(15)	4	(1)	—	—
Purchases (3)	124	—	10	1	—	—	114	—
Sales (3)	(73)	—	(118)	(7)	(1)	(1)	(3)	—
Issuances (3)	—	—	—	—	—	—	—	—
Settlements (3)	—	—	—	—	—	—	—	—
Transfers into Level 3 (4)	—	—	22	—	—	—	120	—
Transfers out of Level 3 (4)	(42)	—	(36)	—	—	—	—	—
Balance, end of period	$ 1,555	$ —	$ 615	$ 229	$ 158	$ 23	$ 308	$ 2
Changes in unrealized gains (losses) relating to assets and liabilities still held at September 30, 2011 included in net income (loss):								
Net investment income	$ 3	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Net investment gains (losses)	$ —	$ —	$ (4)	$ —	$ —	$ —	$ —	$ —
Net derivative gains (losses)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)							
	Equity Securities:			Net Derivatives: (5)				
	Common Stock	Non-redeemable Preferred Stock	Short-term Investments	Interest Rate	Credit	Equity Market	Net Embedded Derivatives (6)	Separate Account Assets (7)
	(In millions)							
Three Months Ended September 30, 2011:								
Balance, beginning of period	$ 32	$ 121	$ 92	$ (62)	$ 10	$ 2	$ 782	$ 130
Total realized/unrealized gains (losses) included in:								
Net income (loss): (1), (2)								
Net investment income	—	—	—	—	—	—	—	—
Net investment gains (losses)	—	—	—	—	—	—	—	(1)
Net derivative gains (losses)	—	—	—	29	(18)	66	42	—
Other comprehensive income (loss)	(11)	(9)	—	195	—	—	—	—
Purchases (3)	—	—	10	—	—	3	—	2
Sales (3)	—	(19)	(47)	—	—	—	—	—
Issuances (3)	—	—	—	—	—	(4)	—	—
Settlements (3)	—	—	—	(8)	—	—	19	—
Transfers into Level 3 (4)	—	—	—	1	—	—	—	—
Transfers out of Level 3 (4)	—	—	—	—	—	—	—	—
Balance, end of period	$ 21	$ 93	$ 55	$ 155	$ (8)	$ 67	$ 843	$ 131
Changes in unrealized gains (losses) relating to assets and liabilities still held at September 30, 2011 included in net income (loss):								
Net investment income	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Net investment gains (losses)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Net derivative gains (losses)	$ —	$ —	$ —	$ 27	$ (18)	$ 65	$ 40	$ —

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)							
	Fixed Maturity Securities:							
	U.S. Corporate Securities	U.S. Treasury and Agency Securities	Foreign Corporate Securities	RMBS	CMBS	State and Political Subdivision Securities	ABS	Foreign Government Securities
	(In millions)							
Nine Months Ended September 30, 2012:								
Balance, beginning of period	$ 1,432	$ —	$ 580	$ 239	$ 147	$ 23	$ 220	$ 2
Total realized/unrealized gains (losses) included in:								
Net income (loss): (1), (2)								
Net investment income	5	—	—	—	—	—	—	—
Net investment gains (losses)	—	—	(22)	(4)	(2)	—	—	—
Net derivative gains (losses)	—	—	—	—	—	—	—	—
Other comprehensive income (loss)	70	—	39	32	5	2	5	—
Purchases (3)	143	—	100	27	33	—	98	—
Sales (3)	(98)	—	(41)	(46)	(52)	—	(12)	—
Issuances (3)	—	—	—	—	—	—	—	—
Settlements (3)	—	—	—	—	—	—	—	—
Transfers into Level 3 (4)	26	—	93	4	28	—	—	—
Transfers out of Level 3 (4)	(6)	—	(14)	—	—	—	(18)	—
Balance, end of period	$ 1,572	$ —	$ 735	$ 252	$ 159	$ 25	$ 293	$ 2
Changes in unrealized gains (losses) relating to assets and liabilities still held at September 30, 2012 included in net income (loss):								
Net investment income	$ 5	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Net investment gains (losses)	$ —	$ —	$ (16)	$ (2)	$ —	$ —	$ —	$ —
Net derivative gains (losses)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)							
	Equity Securities:			Net Derivatives: (5)				
	Common Stock	Non-redeemable Preferred Stock	Short-term Investments	Interest Rate	Credit	Equity Market	Net Embedded Derivatives (6)	Separate Account Assets (7)
	(In millions)							
Nine Months Ended September 30, 2012:								
Balance, beginning of period	$ 21	$ 76	$ 10	$ 174	$ (1)	$ 43	$ 1,032	$ 130
Total realized/unrealized gains (losses) included in:								
Net income (loss): (1), (2)								
Net investment income	—	—	—	—	—	—	—	—
Net investment gains (losses)	(2)	—	—	—	—	—	—	19
Net derivative gains (losses)	—	—	—	3	10	(74)	276	—
Other comprehensive income (loss)	5	16	—	9	—	—	—	—
Purchases (3)	—	—	66	—	—	—	—	4
Sales (3)	(1)	—	(10)	—	—	—	—	(4)
Issuances (3)	—	—	—	(10)	—	—	—	—
Settlements (3)	—	—	—	(34)	—	—	(9)	—
Transfers into Level 3 (4)	—	—	—	—	—	—	—	—
Transfers out of Level 3 (4)	—	—	—	—	1	—	—	(1)
Balance, end of period	$ 23	$ 92	$ 66	$ 142	$ 10	$ (31)	$ 1,299	$ 148
Changes in unrealized gains (losses) relating to assets and liabilities still held at September 30, 2012 included in net income (loss):								
Net investment income	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Net investment gains (losses)	$ (3)	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Net derivative gains (losses)	$ —	$ —	$ —	$ 4	$ 10	$ (74)	$ 283	$ —

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)							
	Fixed Maturity Securities:							
	U.S. Corporate Securities	U.S. Treasury and Agency Securities	Foreign Corporate Securities	RMBS (8)	CMBS	State and Political Subdivision Securities	ABS (8)	Foreign Government Securities
	(In millions)							
Nine Months Ended September 30, 2011:								
Balance, beginning of period	$ 1,510	$ 34	$ 880	$ 282	$ 130	$ 32	$ 321	$ 14
Total realized/unrealized gains (losses) included in:								
Net income (loss): (1), (2)								
Net investment income	4	—	2	—	—	—	—	—
Net investment gains (losses)	31	—	(18)	(4)	—	—	(6)	—
Net derivative gains (losses)	—	—	—	—	—	—	—	—
Other comprehensive income (loss)	92	—	15	(13)	20	(8)	11	—
Purchases (3)	184	—	270	4	18	—	147	—
Sales (3)	(153)	—	(502)	(24)	(10)	(1)	(50)	(12)
Issuances (3)	—	—	—	—	—	—	—	—
Settlements (3)	—	—	—	—	—	—	—	—
Transfers into Level 3 (4)	4	—	22	—	—	—	99	—
Transfers out of Level 3 (4)	(117)	(34)	(54)	(16)	—	—	(214)	—
Balance, end of period	$ 1,555	$ —	$ 615	$ 229	$ 158	$ 23	$ 308	$ 2
Changes in unrealized gains (losses) relating to assets and liabilities still held at September 30, 2011 included in net income (loss):								
Net investment income	$ 5	$ —	$ 1	$ —	$ —	$ —	$ —	$ —
Net investment gains (losses)	$ —	$ —	$ (7)	$ (4)	$ —	$ —	$ (1)	$ —
Net derivative gains (losses)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)							
	Equity Securities:			Net Derivatives: (5)				
	Common Stock	Non-redeemable Preferred Stock	Short-term Investments	Interest Rate	Credit	Equity Market	Net Embedded Derivatives (6)	Separate Account Assets (7)
	(In millions)							
Nine Months Ended September 30, 2011:								
Balance, beginning of period	$ 22	$ 214	$ 173	$ (61)	$ 11	$ 12	$ 677	$ 133
Total realized/unrealized gains (losses) included in:								
Net income (loss): (1), (2)								
Net investment income	—	—	—	—	—	—	—	—
Net investment gains (losses)	1	(24)	(1)	—	—	—	—	(6)
Net derivative gains (losses)	—	—	—	25	(16)	56	115	—
Other comprehensive income (loss)	(7)	19	—	199	—	—	—	—
Purchases (3)	9	—	55	—	—	3	—	5
Sales (3)	(4)	(116)	(172)	—	—	—	—	(1)
Issuances (3)	—	—	—	—	(1)	(4)	—	—
Settlements (3)	—	—	—	(8)	(1)	—	51	—
Transfers into Level 3 (4)	—	—	—	—	(1)	—	—	—
Transfers out of Level 3 (4)	—	—	—	—	—	—	—	—
Balance, end of period	$ 21	$ 93	$ 55	$ 155	$ (8)	$ 67	$ 843	$ 131
Changes in unrealized gains (losses) relating to assets and liabilities still held at September 30, 2011 included in net income (loss):								
Net investment income	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Net investment gains (losses)	$ —	$ (3)	$ —	$ —	$ —	$ —	$ —	$ —
Net derivative gains (losses)	$ —	$ —	$ —	$ 20	$ (15)	$ 56	$ 115	$ —

(1) Amortization of premium/discount is included within net investment income. Impairments charged to earnings on securities are included in net investment gains (losses). Lapses associated with net embedded derivatives are included in net derivative gains (losses).

(2) Interest and dividend accruals, as well as cash interest coupons and dividends received, are excluded from the rollforward.

(3) The amount reported within purchases, sales, issuances and settlements is the purchase or issuance price and the sales or settlement proceeds based upon the actual date purchased or issued and sold or settled, respectively. Items purchased/issued and sold/settled in the same period are excluded from the rollforward. Fees attributed to embedded derivatives are included in settlements.

(4) Total gains and losses (in earnings and other comprehensive income (loss)) are calculated assuming transfers into and/or out of Level 3 occurred at the beginning of the period. Items transferred into and/or out of Level 3 in the same period are excluded from the rollforward.

(5) Freestanding derivative assets and liabilities are presented net for purposes of the rollforward.

(6) Embedded derivative assets and liabilities are presented net for purposes of the rollforward.

(7) Investment performance related to separate account assets is fully offset by corresponding amounts credited to contractholders within separate account liabilities. Therefore, such changes in estimated fair value are not recorded in net income. For the purpose of this disclosure, these changes are presented within net investment gains (losses).

(8) See Note 2 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report for discussion of a reclassification from the ABS sector to the RMBS sector for securities backed by sub-prime residential mortgage loans.

Fair Value Option

Assets and Liabilities Held by CSEs

The Company has elected the FVO for the following assets and liabilities held by CSEs: commercial mortgage loans and long-term debt. The following table presents these commercial mortgage loans accounted for under the FVO at:

	September 30, 2012	December 31, 2011
	(In millions)	
Unpaid principal balance	$ 2,752	$ 3,019
Difference between estimated fair value and unpaid principal balance	127	119
Carrying value at estimated fair value	$ 2,879	$ 3,138

The following table presents the long-term debt accounted for under the FVO related to commercial mortgage loans at:

	September 30, 2012	December 31, 2011
	(In millions)	
Contractual principal balance	$ 2,657	$ 2,925
Difference between estimated fair value and contractual principal balance	133	140
Carrying value at estimated fair value	$ 2,790	$ 3,065

Interest income on commercial mortgage loans held by CSEs is recorded in net investment income. Interest expense on long-term debt of CSEs is recorded in other expenses. Gains and losses from initial measurement, subsequent changes in estimated fair value and gains or losses on sales of both the commercial mortgage loans and the long-term debt are recognized in net investment gains (losses). See Note 3.

Non-Recurring Fair Value Measurements

Certain assets are measured at estimated fair value on a non-recurring basis and are not included in the tables presented above. The amounts below relate to certain investments measured at estimated fair value during the period and still held at the reporting dates and which are categorized as Level 3 measurements.

	Three Months Ended September 30,					
	2012			2011		
	Carrying Value Prior to Measurement	Estimated Fair Value After Measurement	Gains (Losses)	Carrying Value Prior to Measurement	Estimated Fair Value After Measurement	Gains (Losses)
	(In millions)					
Mortgage loans, net (1)	$ 12	$ 12	$ —	$ 8	$ 8	$ —
Other limited partnership interests (2)	$ 1	$ —	$ (1)	$ 4	$ 3	$ (1)
Real estate joint ventures (3)	$ —	$ —	$ —	$ —	$ —	$ —
Goodwill (4)	$ 394	$ —	$ (394)	$ —	$ —	$ —

	Nine Months Ended September 30,					
	2012			2011		
	Carrying Value Prior to Measurement	Estimated Fair Value After Measurement	Gains (Losses)	Carrying Value Prior to Measurement	Estimated Fair Value After Measurement	Gains (Losses)
	(In millions)					
Mortgage loans, net (1)	$ 8	$ 12	$ 4	$ —	$ 8	$ 8
Other limited partnership interests (2)	$ 7	$ 4	$ (3)	$ 7	$ 5	$ (2)
Real estate joint ventures (3)	$ 5	$ 2	$ (3)	$ —	$ —	$ —
Goodwill (4)	$ 394	$ —	$ (394)	$ —	$ —	$ —

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(1) ***Mortgage loans*** **—** These impaired mortgage loans are written down to their estimated fair values which are reported as losses. Subsequent improvements in estimated fair value on previously impaired loans recorded through a reduction in the previously established valuation allowance are reported as gains. Estimated fair values for impaired mortgage loans are based on market prices or, if the loans are in foreclosure or are otherwise determined to be collateral dependent, on the estimated fair value of the underlying collateral, or the present value of the expected future cash flows.

(2) ***Other limited partnership interests*** — These impaired investments were accounted for using the cost method. Impairments were recognized at estimated fair value determined from information provided in the financial statements of the underlying entities. These investments include private equity and debt funds that typically invest primarily in various strategies including domestic and international leveraged buyout funds; power, energy, timber and infrastructure development funds; venture capital funds; and below investment grade debt and mezzanine debt funds. The estimated fair values of these investments have been determined using NAV data. Distributions will be generated from investment gains, from operating income from the underlying investments of the funds and from liquidation of the underlying assets of the funds. It is estimated that the underlying assets of the funds will be liquidated over the next two to 10 years. Unfunded commitments for these investments were $3 million and $1 million at September 30, 2012 and 2011, respectively.

(3) ***Real estate joint ventures*** — These impaired investments were accounted for using the cost method. Impairments were recognized at estimated fair value determined from information provided in the financial statements of the underlying entities. These investments include several real estate funds that typically invest primarily in commercial real estate. The estimated fair values of these investments have been determined using NAV data. Distributions will be generated from investment gains, from operating income from the underlying investments of the funds and from liquidation of the underlying assets of the funds. It is estimated that the underlying assets of the funds will be liquidated over the next two to 10 years. Unfunded commitments for these investments were $3 million at September 30, 2012. There were no unfunded commitments for these investments at September 30, 2011.

(4) ***Goodwill*** — As discussed in Note 7, in September 2012, the Company recorded an impairment of goodwill associated with the Retail Annuities reporting unit. This impairment has been categorized as Level 3 due to the significant unobservable inputs used in the determination of the associated estimated fair value.

Fair Value of Financial Instruments

The tables below exclude certain financial instruments. The excluded financial instruments are as follows: cash and cash equivalents, accrued investment income, payables for collateral under securities loaned and other transactions and those short-term investments that are not securities, such as time deposits, and are excluded from the preceding three level hierarchy table. The estimated fair value of these financial instruments, which are primarily classified in Level 2, approximate carrying value as they are short-term in nature such that the Company believes there is minimal risk of material changes in interest rates or credit quality. The table below also excludes financial instruments reported at estimated fair value on a recurring basis. See "— Recurring Fair Value Measurements." All remaining balance sheet amounts excluded from the table below are not considered financial instruments subject to this disclosure.

The carrying values and estimated fair values for such financial instruments, and their corresponding placement in the fair value hierarchy, are summarized as follows at:

	September 30, 2012				
		Fair Value Measurements at Reporting Date Using			
	Carrying Value	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Estimated Fair Value
	(In millions)				
Assets:					
Mortgage loans, net	$ 6,515	$ —	$ —	$ 7,002	$ 7,002
Policy loans	$ 1,227	$ —	$ 864	$ 467	$ 1,331
Real estate joint ventures	$ 61	$ —	$ —	$ 100	$ 100
Other limited partnership interests	$ 98	$ —	$ —	$ 119	$ 119
Other invested assets	$ 430	$ —	$ 545	$ —	$ 545
Premiums, reinsurance and other receivables	$ 6,017	$ —	$ 98	$ 6,946	$ 7,044
Liabilities:					
PABs	$ 23,188	$ —	$ —	$ 25,133	$ 25,133
Long-term debt	$ 792	$ —	$ 1,032	$ —	$ 1,032
Other liabilities	$ 460	$ —	$ 310	$ 150	$ 460
Separate account liabilities	$ 1,321	$ —	$ 1,321	$ —	$ 1,321
Commitments: (1)					
Mortgage loan commitments	$ —	$ —	$ —	$ 2	$ 2
Commitments to fund bank credit facilities and private corporate bond investments	$ —	$ —	$ 8	$ —	$ 8

	December 31, 2011	
	Carrying Value	Estimated Fair Value
	(In millions)	
Assets:		
Mortgage loans, net	$ 6,662	$ 6,946
Policy loans	$ 1,203	$ 1,307
Real estate joint ventures	$ 69	$ 107
Other limited partnership interests	$ 98	$ 126
Other invested assets	$ 430	$ 477
Premiums, reinsurance and other receivables	$ 5,973	$ 6,880
Liabilities:		
PABs	$ 23,144	$ 24,732
Long-term debt	$ 792	$ 970
Other liabilities	$ 224	$ 224
Separate account liabilities	$ 1,240	$ 1,240
Commitments: (1)		
Mortgage loan commitments	$ —	$ —
Commitments to fund bank credit facilities and private corporate bond investments	$ —	$ 7

(1) Commitments are off-balance sheet obligations. Negative estimated fair values represent off-balance sheet liabilities. See Note 9 for additional information on these off-balance sheet obligations.

The methods, assumptions and significant valuation techniques and inputs used to estimate the fair value of financial instruments are summarized as follows:

Mortgage Loans

The estimated fair value of mortgage loans was primarily determined by estimating expected future cash flows and discounting them using current interest rates for similar mortgage loans with similar credit risk.

Policy Loans

Policy loans with fixed interest rates are classified within Level 3. The estimated fair values for these loans are determined using a DCF model applied to groups of similar policy loans determined by the nature of the underlying insurance liabilities. Cash flow estimates are developed by applying a weighted-average interest rate to the outstanding principal balance of the respective group of policy loans and an estimated average maturity determined through experience studies of the past performance of policyholder repayment behavior for similar loans. These cash flows are discounted using current risk-free interest rates with no adjustment for borrower credit risk as these loans are fully collateralized by the cash surrender value of the underlying insurance policy. Policy loans with variable interest rates are classified within Level 2 and the estimated fair value approximates carrying value due to the absence of borrower credit risk and the short time period between interest rate resets, which presents minimal risk of a material change in estimated fair value due to changes in market interest rates.

Real Estate Joint Ventures and Other Limited Partnership Interests

The amounts disclosed in the preceding tables consist of those investments accounted for using the cost method. The estimated fair values for cost method real estate joint ventures and other limited partnership interests are generally based on the Company's share of the NAV as provided in the financial statements of the investees. In certain circumstances, management may adjust the NAV by a premium or discount when it has sufficient evidence to support applying such adjustments.

Other Invested Assets

Other invested assets within the preceding tables are comprised of loans to affiliates. The estimated fair value of loans to affiliates is determined by discounting the expected future cash flows using market interest rates currently available for instruments with similar terms and remaining maturities.

Premiums, Reinsurance and Other Receivables

Premiums, reinsurance and other receivables in the preceding tables are principally comprised of certain amounts recoverable under reinsurance agreements, amounts on deposit with financial institutions to facilitate daily settlements related to certain derivative positions and amounts receivable for securities sold but not yet settled.

Amounts recoverable under ceded reinsurance agreements, which the Company has determined do not transfer significant risk such that they are accounted for using the deposit method of accounting, have been classified as Level 3. The valuation is based on DCF methodologies using significant unobservable inputs. The estimated fair value is determined using interest rates determined to reflect the appropriate credit standing of the assuming counterparty.

The amounts on deposit for derivative settlements, classified within Level 2, essentially represent the equivalent of demand deposit balances and amounts due for securities sold are generally received over short periods such that the estimated fair value approximates carrying value.

PABs

PABs in the preceding tables include investment contracts. Embedded derivatives on investment contracts and certain variable annuity guarantees accounted for as embedded derivatives are excluded from this caption in the preceding tables as they are separately presented in "— Recurring Fair Value Measurements."

The investment contracts primarily include certain funding agreements, fixed deferred annuities, modified guaranteed annuities, fixed term payout annuities and total control accounts. The valuation of these investment contracts is based on DCF methodologies using significant unobservable inputs. The estimated fair value is determined using current market risk-free interest rates adding a spread to reflect the nonperformance risk in the liability.

Long-term Debt

The estimated fair values of long-term debt are principally valued using market standard valuation methodologies. Valuations are based primarily on quoted prices in markets that are not active or using matrix pricing or other similar techniques that use standard market observable inputs such as quoted prices in markets that are not active and observable yields and spreads in the market. Instruments valued using DCF methodologies use standard market observable inputs including market yield curve, duration, observable prices and spreads for similar publicly traded or privately traded issues.

Other Liabilities

Other liabilities consist primarily of interest payable, amounts due for securities purchased but not yet settled and funds withheld amounts payable, which are contractually withheld by the Company in accordance with the terms of the reinsurance agreements and are recorded using the deposit method of accounting. The Company evaluates the specific terms, facts and circumstances of each instrument to determine the appropriate estimated fair values, which are not materially different from the carrying values.

Separate Account Liabilities

Separate account liabilities included in the preceding tables represent those balances due to policyholders under contracts that are classified as investment contracts.

Separate account liabilities classified as investment contracts primarily represent variable annuities with no significant mortality risk to the Company such that the death benefit is equal to the account balance and certain contracts that provide for benefit funding.

Since separate account liabilities are fully funded by cash flows from the separate account assets which are recognized at estimated fair value as described in the section "— Recurring Fair Value Measurements," the value of those assets approximates the estimated fair value of the related separate account liabilities. The valuation techniques and inputs for separate account liabilities are similar to those described for separate account assets.

Mortgage Loan Commitments and Commitments to Fund Bank Credit Facilities and Private Corporate Bond Investments

The estimated fair values for mortgage loan commitments that will be held for investment and commitments to fund bank credit facilities and private corporate bonds that will be held for investment reflected in the above tables represent the difference between the discounted expected future cash flows using interest rates that incorporate current credit risk for similar instruments on the reporting date and the principal amounts of the commitments.

6. Deferred Policy Acquisition Costs and Value of Business Acquired

Information regarding DAC and VOBA was as follows:

	Nine Months Ended September 30,					
	2012			2011		
	DAC	VOBA	Total	DAC	VOBA	Total
	(In millions)					
Balance, beginning of period	$ 3,182	$ 1,006	$ 4,188	$ 2,705	$ 1,686	$ 4,391
Capitalizations	691	—	691	978	—	978
Subtotal	3,873	1,006	4,879	3,683	1,686	5,369
Amortization related to:						
Net investment gains (losses)	(79)	(1)	(80)	(302)	(26)	(328)
Other expenses	(403)	(156)	(559)	(338)	(230)	(568)
Total amortization	(482)	(157)	(639)	(640)	(256)	(896)
Unrealized investment gains (losses)	(40)	(170)	(210)	(48)	(324)	(372)
Disposition and other (1)	(159)	—	(159)	(3)	—	(3)
Balance, end of period	$ 3,192	$ 679	$ 3,871	$ 2,992	$ 1,106	$ 4,098

(1) See Note 2.

Amortization of DAC and VOBA is attributed to both investment gains and losses and to other expenses for the amount of gross margins or profits originating from transactions other than investment gains and losses. Unrealized investment gains and losses represent the amount of DAC and VOBA that would have been amortized if such gains and losses had been recognized.

See Note 1 for information on the retrospective application of the adoption of new accounting guidance related to DAC.

Information regarding DAC and VOBA by segment, as well as Corporate & Other, was as follows:

	DAC		VOBA		Total	
	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
	(In millions)					
Retail	$ 3,183	$ 3,042	$ 679	$ 1,005	$ 3,862	$ 4,047
Corporate Benefit Funding	9	12	—	1	9	13
Corporate & Other	—	128	—	—	—	128
Total	$ 3,192	$ 3,182	$ 679	$ 1,006	$ 3,871	$ 4,188

7. Goodwill

The Company tests goodwill for impairment during the third quarter of each year at the reporting unit level based upon data at June 30 of that year. A reporting unit is the operating segment or a business one level below the operating segment, if discrete financial information is prepared and regularly reviewed by management at that level. Step 1 of the goodwill impairment process requires a comparison of the fair value of a reporting unit to its carrying value. To determine the fair values for our reporting units, the Company generally applies a market multiple valuation, DCF valuation, and/or actuarial appraisal approach. The market multiple valuation approach utilizes market multiples of companies with similar businesses and the projected operating earnings of the reporting unit. The DCF valuation approach requires judgments about revenues, operating earnings projections, capital market assumptions and discount rates. The actuarial appraisal approach estimates the net worth of the reporting unit, the value of existing business and the value of new business.

An actuarial appraisal was performed for the Retail Annuities reporting unit that resulted in a fair value of the reporting unit less than the carrying value, indicating a potential for goodwill impairment. The growing concern regarding an extended period of low interest rates was reflected in the fair value estimate, particularly on the returns a market buyer would assume on the fixed income portion of separate account annuity products. In addition, industry-wide inquiries by regulators on the use of affiliated captive reinsurers for off-shore entities to reinsure insurance risks may limit access to this type of capital structure. As a result, a market buyer may discount the ability to fully utilize these structures, which also affected the fair value estimate of the reporting unit. Accordingly, the Company performed Step 2 of the goodwill impairment process, which compares the implied fair value of goodwill with the carrying value of that goodwill in the reporting unit to calculate the amount of goodwill impairment. The Company determined that all of the recorded goodwill associated with the Retail Annuities reporting unit was not recoverable and recorded a non-cash charge of $394 million ($147 million, net of income tax) for the impairment of the entire goodwill balance in the interim condensed consolidated statements of operations and comprehensive income for both the three months and nine months ended September 30, 2012.

In addition, the Company performed its annual goodwill impairment tests of its other reporting units during the third quarter of 2012 using a market multiple valuation, DCF valuation, and/or actuarial appraisal approach based upon data at June 30, 2012 and concluded that the fair values of all such reporting units were in excess of their carrying values and, therefore, goodwill was not impaired.

As anticipated, in the third quarter of 2012, the Company continued to realign certain products and businesses among its existing segments. As a result, the Company reallocated goodwill from the former segments to and among the new segments based on the relative fair value method as shown in the below table under "Goodwill Transfers." As a result of the realignment during the third quarter, the Company performed an analysis to identify all reporting units under the revised structure. Based on a qualitative assessment performed, the Company concluded that at September 30, 2012 there were no indicators of a scenario in which it was more likely than not that any reporting units had a carrying value that exceeded fair value, and thus, no further impairment analysis was performed.

Management continues to evaluate current market conditions that may affect the estimated fair value of the reporting units to assess whether any goodwill impairment exists. Deteriorating or adverse market conditions for certain reporting units may have a significant impact on the estimated fair value of these reporting units and could result in future impairments of goodwill.

The following table presents the changes in the net carrying amount of goodwill in each of the Company's segments, as well as Corporate & Other, and the balances at:

	December 31, 2011	Goodwill Transfers	Impairments (1)	September 30, 2012
		(In millions)		
Retail	$ 236	$ 5	$ (218)	$ 23
Corporate Benefit Funding	307	—	—	307
Corporate & Other (2)	410	(5)	(176)	229
Total	$ 953	$ —	$ (394)	$ 559

(1) At September 30, 2012, the Company's accumulated goodwill impairment loss was $394 million, of which $218 million was recorded in Retail and $176 million was recorded in Corporate & Other. The Company had no accumulated goodwill impairment at December 31, 2011.

(2) The $410 million of net goodwill in Corporate & Other at December 31, 2011, relates to goodwill acquired as a part of the 2005 Travelers acquisition. For purposes of goodwill impairment testing, $405 million of Corporate & Other goodwill was allocated to business units of the Retail and Corporate Benefit Funding segments in the amounts of $210 million and $186 million, respectively. The Retail segment amount was further allocated within the segment to the Life & Other and the Annuities reporting units in the amounts of $34 million and $176 million, respectively. Also included in Corporate & Other at December 31, 2011 was $9 million of goodwill associated with ancillary group life and non-medical health business. As reflected in the table, the $176 million related to the Retail Annuities reporting unit was impaired in the third quarter of 2012. Goodwill of $5 million relating to the Company's non-medical health business was realigned to the Retail segment in the third quarter of 2012 (see Note 12).

8. Insurance

Insurance Liabilities

Insurance liabilities, including affiliated insurance liabilities on reinsurance assumed and ceded, were as follows:

	Future Policy Benefits		Policyholder Account Balances		Other Policy-Related Balances	
	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
	(In millions)					
Retail	$ 6,098	$ 5,337	$ 28,510	$ 30,001	$ 2,756	$ 2,578
Corporate Benefit Funding	15,049	14,028	9,038	8,375	10	14
Corporate & Other	5,859	6,118	2	3,699	366	397
Total	$ 27,006	$ 25,483	$ 37,550	$ 42,075	$ 3,132	$ 2,989

See Note 2 for information on the disposition of a subsidiary that had been reported in Corporate & Other. See Note 12 for information on the continued realignment of certain products and businesses among the Company's existing segments during the third quarter of 2012, which was retrospectively applied. See Note 13 for discussion of affiliated reinsurance liabilities included in the table above.

Guarantees

As discussed in Note 1 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report, the Company issues variable annuity products with guaranteed minimum benefits. The non-life-contingent portion of GMWB, GMAB and the portion of certain GMIB that does not require annuitization are accounted for as embedded derivatives in PABs. These guarantees are recorded at estimated fair value with changes in estimated fair value recorded in net derivative gains (losses), and are excluded from the net amount at risk ("NAR") and other disclosures below.

Based on the type of guarantee, the Company defines NAR as listed below.

- *In the Event of Death* — Defined as the guaranteed minimum death benefit less the total contract account value, as of the balance sheet date. It represents the amount of the claim that the Company would incur if death claims were filed on all contracts on the balance sheet date.

- *At Annuitization* — Defined as the amount (if any) that would be required to be added to the total contract account value to purchase a lifetime income stream, based on current annuity rates, equal to the minimum amount provided under the guaranteed benefit. This amount represents the Company's potential economic exposure to such guarantees in the event all contractholders were to annuitize on the balance sheet date, even though the contracts contain terms that only allow annuitization of the guaranteed amount after the 10th anniversary of the contract, which not all contractholders have achieved.

- *Universal and Variable Life Contracts* — Defined as the guarantee amount less the account value, as of the balance sheet date. It represents the amount of the claim that the Company would incur if death claims were filed on all contracts on the balance sheet date.

The amounts in the table below include direct business, but exclude offsets from hedging or reinsurance, if any. As discussed in Note 8 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report, the Company has reinsured substantially all of the living and death benefit guarantees associated with variable annuities issued since 2006 to an affiliated reinsurer, and certain portions of living and death benefit guarantees associated with variable annuities issued prior to 2006 to affiliated and unaffiliated reinsurers. Therefore, the NARs presented below reflect the economic exposures of living and death benefit guarantees associated with variable annuities, but not necessarily their impact on the Company.

Information regarding the liabilities for guarantees (excluding base policy liabilities) relating to annuity and universal and variable life contracts was as follows:

	September 30, 2012		December 31, 2011	
	In the Event of Death	At Annuitization	In the Event of Death	At Annuitization
	(In millions)			
Annuity Contracts (1)				
Variable Annuity Guarantees				
Total contract account value	$ 87,797	$ 49,986	$ 76,550	$ 41,713
Separate account value	$ 82,457	$ 48,305	$ 70,635	$ 39,454
Net amount at risk	$ 3,222	$ 2,096 (2)	$ 5,515	$ 1,444 (2)
Average attained age of contractholders	63 years	63 years	62 years	62 years

	September 30, 2012	December 31, 2011
	Secondary Guarantees	
	(In millions)	
Universal and Variable Life Contracts (1)		
Account value (general and separate account)	$ 5,712	$ 5,177
Net amount at risk	$ 85,474	$ 80,477
Average attained age of policyholders	58 years	58 years

(1) The Company's annuity and life contracts with guarantees may offer more than one type of guarantee in each contract. Therefore, the amounts listed above may not be mutually exclusive.

(2) The Company had previously disclosed the NAR based on the excess of the benefit base over the contractholder's total contract account value on the balance sheet date. Such amounts were $5.3 billion and $6.6 billion at September 30, 2012 and December 31, 2011, respectively. The Company has provided, in the table above, the NAR as defined above. The Company believes that this definition is more representative of the potential economic exposures of these guarantees as the contractholders do not have access to this difference other than through annuitization.

See Note 7 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report.

9. Contingencies, Commitments and Guarantees

Contingencies

Litigation

The Company is a defendant in a number of litigation matters. In some of the matters, large and/or indeterminate amounts, including punitive and treble damages, are sought. Modern pleading practice in the U.S. permits considerable variation in the assertion of monetary damages or other relief. Jurisdictions may permit claimants not to specify the monetary damages sought or may permit claimants to state only that the amount sought is sufficient to invoke the jurisdiction of the trial court. In addition, jurisdictions may permit plaintiffs to allege monetary damages in amounts well exceeding reasonably possible verdicts in the jurisdiction for similar matters. This variability in pleadings, together with the actual experience of the Company in litigating or resolving through settlement numerous claims over an extended period of time, demonstrates to management that the monetary relief which may be specified in a lawsuit or claim bears little relevance to its merits or disposition value.

Due to the vagaries of litigation, the outcome of a litigation matter and the amount or range of potential loss at particular points in time may normally be difficult to ascertain. Uncertainties can include how fact finders will evaluate documentary evidence and the credibility and effectiveness of witness testimony, and how trial and appellate courts will apply the law in the context of the pleadings or evidence presented, whether by motion practice, or at trial or on appeal. Disposition valuations are also subject to the uncertainty of how opposing parties and their counsel will themselves view the relevant evidence and applicable law.

The Company establishes liabilities for litigation and regulatory loss contingencies when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Liabilities have been established for some of the matters below. It is possible that some of the matters could require the Company to pay damages or make other expenditures or establish accruals in amounts that could not be estimated at September 30, 2012.

Matters as to Which an Estimate Can Be Made

For some of the matters discussed below, the Company is able to estimate a reasonably possible range of loss. For such matters where a loss is believed to be reasonably possible, but not probable, no accrual has been made. As of September 30, 2012, the aggregate range of reasonably possible losses in excess of amounts accrued for these matters was not material for the Company.

Matters as to Which an Estimate Cannot Be Made

For other matters disclosed below, the Company is not currently able to estimate the reasonably possible loss or range of loss. The Company is often unable to estimate the possible loss or range of loss until developments in such matters have provided sufficient information to support an assessment of the range of possible loss, such as quantification of a damage demand from plaintiffs, discovery from other parties and investigation of factual allegations, rulings by the court on motions or appeals, analysis by experts, and the progress of settlement negotiations. On a quarterly and annual basis, the Company reviews relevant information with respect to litigation contingencies and updates its accruals, disclosures and estimates of reasonably possible losses or ranges of loss based on such reviews.

Sales Practices Claims

Over the past several years, the Company has faced claims, including class action lawsuits, alleging improper marketing or sales of individual life insurance policies, annuities, mutual funds or other products. Some of the current cases seek substantial damages, including punitive and treble damages and attorneys' fees. The Company continues to vigorously defend against the claims in these matters. The Company believes adequate provision has been made in its consolidated financial statements for all probable and reasonably estimable losses for sales practices matters.

Connecticut General Life Insurance Company and MetLife Insurance Company of Connecticut engaged in an arbitration proceeding to determine whether MetLife Insurance Company of Connecticut is owed money from Connecticut General Life Insurance Company or is required to refund several million dollars it collected and/or should stop submitting certain claims under reinsurance contracts in which Connecticut General Life Insurance Company reinsured death benefits payable under certain MetLife Insurance Company of Connecticut annuities. The arbitration panel issued an interim final award, dated August 28, 2012, which states that MetLife Insurance Company of Connecticut shall pay Connecticut General $11,369,675 in damages incurred through the second quarter of 2011 to be offset against $7,028,955 in claims due to MetLife Insurance Company of Connecticut through the fourth quarter of 2011. As a result of the award, a reinsurance recoverable of over $7 million will be reduced and the parties will take steps to reconcile damage claims with respect to the issues between the parties. The award also will lead MetLife Insurance Company of Connecticut to stop submitting certain claims under the reinsurance contracts.

A former Tower Square Securities, Inc. ("Tower Square") financial services representative is alleged to have misappropriated funds from customers. The Illinois Securities Division, the U.S. Postal Inspector, the Internal Revenue Service, the Financial Industry Regulatory Authority, Inc. and the U.S. Attorney's Office have conducted inquiries. Tower Square has made remediation to all the affected customers. The Illinois Securities Division has issued a Statement of Violations to Tower Square, and Tower Square is conducting discussions with the Illinois Securities Division.

Unclaimed Property Inquiries

In April 2012, MetLife, for itself and on behalf of entities including MetLife Insurance Company of Connecticut, reached agreements with representatives of the U.S. jurisdictions that were conducting audits of MetLife and certain of its affiliates for compliance with unclaimed property laws, and with state insurance regulators directly involved in a multistate targeted market conduct examination relating to claim-payment practices and compliance with unclaimed property laws. The effectiveness of each agreement was conditioned upon the approval of a specified number of jurisdictions. In each case, the threshold for effectiveness has been reached. Pursuant to the agreements, MetLife will, among other things, take specified action to identify liabilities under life insurance, annuity, and retained asset contracts, to adopt specified procedures for seeking to contact and pay owners of the identified liabilities, and, to the extent that it is unable to locate such owners, to escheat these amounts with interest at a specified rate to the appropriate states. Additionally, MetLife has agreed to accelerate the final date of certain industrial life policies and to escheat unclaimed benefits of such policies. It is possible that other jurisdictions may pursue similar exams or audits and that such exams or audits may result in additional payments to beneficiaries, additional escheatment of funds deemed abandoned under state laws, administrative penalties, interest, and/or further changes to the Company's procedures. The Company is not currently able to estimate these additional possible costs.

Summary

Various litigation, claims and assessments against the Company, in addition to those discussed previously and those otherwise provided for in the Company's consolidated financial statements, have arisen in the course of the Company's business, including, but not limited to, in connection with its activities as an insurer, employer, investor, investment advisor and taxpayer. Further, state insurance regulatory authorities and other federal and state authorities regularly make inquiries and conduct investigations concerning the Company's compliance with applicable insurance and other laws and regulations.

It is not possible to predict the ultimate outcome of all pending investigations and legal proceedings. In some of the matters referred to previously, large and/or indeterminate amounts, including punitive and treble damages, are sought. Although, in light of these considerations it is possible that an adverse outcome in certain cases could have a material effect upon the Company's financial position, based on information currently known by the Company's management, in its opinion, the outcomes of such pending investigations and legal proceedings are not likely to have such an effect. However, given the large and/or indeterminate amounts sought in certain of these matters and the inherent unpredictability of litigation, it is possible that an adverse outcome in certain matters could, from time to time, have a material effect on the Company's consolidated net income or cash flows in particular quarterly or annual periods.

Commitments

Commitments to Fund Partnership Investments

The Company makes commitments to fund partnership investments in the normal course of business. The amounts of these unfunded commitments were $1.0 billion and $1.2 billion at September 30, 2012 and December 31, 2011, respectively. The Company anticipates that these amounts will be invested in partnerships over the next five years.

Mortgage Loan Commitments

The Company commits to lend funds under mortgage loan commitments. The amounts of these mortgage loan commitments were $203 million and $167 million at September 30, 2012 and December 31, 2011, respectively.

Commitments to Fund Bank Credit Facilities and Private Corporate Bond Investments

The Company commits to lend funds under bank credit facilities and private corporate bond investments. The amounts of these unfunded commitments were $156 million and $248 million at September 30, 2012 and December 31, 2011, respectively.

Other Commitments

The Company has entered into collateral arrangements with affiliates, which require the transfer of collateral in connection with secured demand notes. At September 30, 2012 and December 31, 2011, the Company had agreed to fund up to $86 million and $90 million, respectively, of cash upon the request by these affiliates and had transferred collateral consisting of various securities with a fair market value of $108 million and $109 million, respectively, to custody accounts to secure the demand notes. Each of these affiliates is permitted by contract to sell or repledge this collateral.

Guarantees

The Company has provided a guarantee on behalf of MetLife International Insurance Company, Ltd. ("MLII"), a former affiliate, that is triggered if MLII cannot pay claims because of insolvency, liquidation or rehabilitation. Life insurance coverage in-force, representing the maximum potential obligation under this guarantee, was $235 million and $272 million at September 30, 2012 and December 31, 2011, respectively. The Company does not hold any collateral related to this guarantee, but has a recorded liability of $1 million that was based on the total account value of the guaranteed policies plus the amounts retained per policy at both September 30, 2012 and December 31, 2011. The remainder of the risk was ceded to external reinsurers.

10. Equity

Dividend Restrictions

During June 2012, the Company distributed all of the issued and outstanding shares of common stock of MetLife Europe to MetLife as an in-kind extraordinary dividend of $202 million, as calculated on a statutory basis. Regulatory approval for this extraordinary dividend was obtained due to the timing of payment. Remaining dividends permitted to be paid in 2012 without regulatory approval total $302 million. See Note 2.

See Note 12 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report for additional information on dividend restrictions.

11. Other Expenses

Information on other expenses was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	(In millions)			
Compensation	$ 85	$ 74	$ 261	$ 225
Commissions	214	373	740	1,047
Volume-related costs	32	39	130	121
Affiliated interest costs on ceded reinsurance	54	58	201	163
Capitalization of DAC	(197)	(347)	(691)	(978)
Amortization of DAC and VOBA	185	494	639	896
Interest expense on debt and debt issuance costs	57	109	176	329
Premium taxes, licenses and fees	11	41	51	69
Professional services	6	7	18	36
Rent	9	7	26	22
Other	91	108	340	287
Total other expenses	$ 547	$ 963	$ 1,891	$ 2,217

Capitalization of DAC and Amortization of DAC and VOBA

See Note 6 for DAC and VOBA by segment and a rollforward of each including impacts of capitalization and amortization. See Note 1 for information on the retrospective application of the adoption of new accounting guidance related to DAC.

Affiliated Expenses

Commissions, capitalization of DAC and amortization of DAC include the impact of affiliated reinsurance transactions. See Note 13 for a discussion of affiliated expenses included in the table above.

12. Segment Information

As announced in November 2011, MetLife reorganized its business into three broad geographic regions. As a result, in the first quarter of 2012, the Company reorganized into two segments: Retail and Corporate Benefit Funding. As anticipated, in the third quarter of 2012, MetLife and the Company continued to realign certain products and businesses among its existing segments as noted below. Prior period results have been revised in connection with these changes.

Retail. The Retail segment offers a broad range of protection products and a variety of annuities primarily to individuals, and is organized into two businesses: Annuities and Life & Other. Annuities include a variety of variable and fixed annuities which provide for both asset accumulation and asset distribution needs. Life & Other insurance products and services include variable life, universal life, term life and whole life products, as well as individual disability income products. Additionally, through our broker-dealer affiliates, we offer a full range of mutual funds and other securities products.

Corporate Benefit Funding. The Corporate Benefit Funding segment offers a broad range of annuity and investment products, including guaranteed interest products and other stable value products, income annuities, and separate account contracts for the investment management of defined benefit and defined contribution plan assets. This segment also includes certain products to fund company-, bank- or trust-owned life insurance used to finance non-qualified benefit programs for executives.

In addition, the Company reports certain of its results of operations in Corporate & Other. Corporate & Other contains the excess capital not allocated to the segments, run-off business, the Company's ancillary international operations, interest expense related to the majority of the Company's outstanding debt, expenses associated with certain legal proceedings and income tax audit issues. Corporate & Other also includes the elimination of intersegment amounts.

As discussed above, in the third quarter of 2012, as anticipated as part of the November 2011 reorganization, management realigned certain individual disability income products and began reporting such product results in the Retail segment. As a result of the first quarter segment reorganization, these results had been reported in Corporate & Other. In accordance with the third quarter 2012 realignment, prior period operating earnings for the Retail segment increased by $0, net of $1 million of income tax, and $2 million, net of $2 million of income tax, with a corresponding decrease in Corporate & Other, for the three months and nine months ended September 30, 2011, respectively.

Operating earnings is the measure of segment profit or loss the Company uses to evaluate segment performance and allocate resources. Consistent with GAAP accounting guidance for segment reporting, operating earnings is the Company's measure of segment performance and is reported below. Operating earnings should not be viewed as a substitute for GAAP net income (loss). The Company believes the presentation of operating earnings as the Company measures it for management purposes enhances the understanding of its performance by highlighting the results of operations and the underlying profitability drivers of the business.

Operating earnings is defined as operating revenues less operating expenses, both net of income tax.

Operating revenues excludes net investment gains (losses) and net derivative gains (losses). Operating expenses excludes goodwill impairments.

The following additional adjustments are made to GAAP revenues, in the line items indicated, in calculating operating revenues:

- Universal life and investment-type product policy fees excludes the amortization of unearned revenue related to net investment gains (losses) and net derivative gains (losses) and certain variable annuity GMIB fees ("GMIB Fees"); and

- Net investment income: (i) includes amounts for scheduled periodic settlement payments and amortization of premium on derivatives that are hedges of investments but do not qualify for hedge accounting treatment, (ii) excludes certain amounts related to contractholder-directed unit-linked investments, and (iii) excludes certain amounts related to securitization entities that are VIEs consolidated under GAAP.

The following additional adjustments are made to GAAP expenses, in the line items indicated, in calculating operating expenses:

- Policyholder benefits and claims excludes: (i) amounts associated with periodic crediting rate adjustments based on the total return of a contractually referenced pool of assets, (ii) benefits and hedging costs related to GMIBs ("GMIB Costs"), and (iii) market value adjustments associated with surrenders or terminations of contracts ("Market Value Adjustments");

- Interest credited to policyholder account balances includes adjustments for scheduled periodic settlement payments and amortization of premium on derivatives that are hedges of PABs but do not qualify for hedge accounting treatment and excludes amounts related to net investment income earned on contractholder-directed unit-linked investments;

- Amortization of DAC and VOBA excludes amounts related to: (i) net investment gains (losses) and net derivative gains (losses), (ii) GMIB Fees and GMIB Costs, and (iii) Market Value Adjustments;

- Interest expense on debt excludes certain amounts related to securitization entities that are VIEs consolidated under GAAP; and

- Other expenses excludes costs related to implementation of new insurance regulatory requirements and acquisition and integration costs.

Set forth in the tables below is certain financial information with respect to the Company's segments, as well as Corporate & Other, for the three months and nine months ended September 30, 2012 and 2011. The segment accounting policies are the same as those used to prepare the Company's consolidated financial statements, except for operating earnings adjustments as defined above. In addition, segment accounting policies include the method of capital allocation described below.

Economic capital is an internally developed risk capital model, the purpose of which is to measure the risk in the business and to provide a basis upon which capital is deployed. The economic capital model accounts for the unique and specific nature of the risks inherent in MetLife's business.

MetLife's economic capital model aligns segment allocated equity with emerging standards and consistent risk principles. Segment net investment income is credited or charged based on the level of allocated equity; however, changes in allocated equity do not impact the Company's consolidated net investment income, operating earnings or net income.

Three Months Ended September 30, 2012	Operating Earnings: Retail	Operating Earnings: Corporate Benefit Funding	Operating Earnings: Corporate & Other	Operating Earnings: Total	Adjustments	Total Consolidated
	(In millions)					
Revenues						
Premiums	$ 106	$ 178	$ —	$ 284	$ —	$ 284
Universal life and investment-type product policy fees	527	8	—	535	37	572
Net investment income	369	267	35	671	4	675
Other revenues	136	1	—	137	—	137
Net investment gains (losses)	—	—	—	—	4	4
Net derivative gains (losses)	—	—	—	—	(98)	(98)
Total revenues	1,138	454	35	1,627	(53)	1,574
Expenses						
Policyholder benefits and claims	185	311	—	496	54	550
Interest credited to policyholder account balances	240	37	—	277	(1)	276
Goodwill impairment	—	—	—	—	394	394
Capitalization of DAC	(195)	(2)	—	(197)	—	(197)
Amortization of DAC and VOBA	173	1	—	174	11	185
Interest expense on debt	—	—	17	17	40	57
Other expenses	492	10	(1)	501	1	502
Total expenses	895	357	16	1,268	499	1,767
Provision for income tax expense (benefit)	85	34	(18)	101	(290)	(189)
Operating earnings	$ 158	$ 63	$ 37	258		
Adjustments to:						
Total revenues				(53)		
Total expenses				(499)		
Provision for income tax (expense) benefit				290		
Net income (loss)				$ (4)		$ (4)

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (Continued)

	Operating Earnings					
Three Months Ended September 30, 2011	Retail	Corporate Benefit Funding	Corporate & Other	Total	Adjustments	Total Consolidated
			(In millions)			
Revenues						
Premiums	$ 265	$ 219	$ —	$ 484	$ —	$ 484
Universal life and investment-type product policy fees	422	9	8	439	48	487
Net investment income	359	300	54	713	(62)	651
Other revenues	122	1	—	123	—	123
Net investment gains (losses)	—	—	—	—	58	58
Net derivative gains (losses)	—	—	—	—	882	882
Total revenues	1,168	529	62	1,759	926	2,685
Expenses						
Policyholder benefits and claims	349	348	1	698	39	737
Interest credited to policyholder account balances	256	43	—	299	(137)	162
Goodwill impairment	—	—	—	—	—	—
Capitalization of DAC	(335)	—	(12)	(347)	—	(347)
Amortization of DAC and VOBA	219	1	1	221	273	494
Interest expense on debt	—	—	17	17	92	109
Other expenses	629	10	59	698	9	707
Total expenses	1,118	402	66	1,586	276	1,862
Provision for income tax expense (benefit)	20	44	(24)	40	221	261
Operating earnings	$ 30	$ 83	$ 20	133		
Adjustments to:						
Total revenues				926		
Total expenses				(276)		
Provision for income tax (expense) benefit				(221)		
Net income (loss)				$ 562		$ 562

Nine Months Ended September 30, 2012	Operating Earnings: Retail	Operating Earnings: Corporate Benefit Funding	Operating Earnings: Corporate & Other	Operating Earnings: Total	Adjustments	Total Consolidated
				(In millions)		
Revenues						
Premiums	$ 406	$ 531	$ 133	$ 1,070	$ —	$ 1,070
Universal life and investment-type product policy fees	1,555	23	14	1,592	99	1,691
Net investment income	1,127	867	145	2,139	84	2,223
Other revenues	381	4	—	385	—	385
Net investment gains (losses)	—	—	—	—	79	79
Net derivative gains (losses)	—	—	—	—	45	45
Total revenues	3,469	1,425	292	5,186	307	5,493
Expenses						
Policyholder benefits and claims	588	917	127	1,632	143	1,775
Interest credited to policyholder account balances	715	123	—	838	44	882
Goodwill impairment	—	—	—	—	394	394
Capitalization of DAC	(652)	(5)	(34)	(691)	—	(691)
Amortization of DAC and VOBA	550	9	3	562	77	639
Interest expense on debt	—	—	51	51	125	176
Other expenses	1,652	29	81	1,762	5	1,767
Total expenses	2,853	1,073	228	4,154	788	4,942
Provision for income tax expense (benefit)	216	123	(45)	294	(256)	38
Operating earnings	$ 400	$ 229	$ 109	738		
Adjustments to:						
Total revenues				307		
Total expenses				(788)		
Provision for income tax (expense) benefit				256		
Net income (loss)				$ 513		$ 513

	Operating Earnings					
Nine Months Ended September 30, 2011	Retail	Corporate Benefit Funding	Corporate & Other	Total	Adjustments	Total Consolidated
	(In millions)					
Revenues						
Premiums	$ 505	$ 756	$ —	$ 1,261	$ —	$ 1,261
Universal life and investment-type product policy fees	1,292	26	28	1,346	89	1,435
Net investment income	1,078	897	143	2,118	114	2,232
Other revenues	380	4	—	384	—	384
Net investment gains (losses)	—	—	—	—	17	17
Net derivative gains (losses)	—	—	—	—	859	859
Total revenues	3,255	1,683	171	5,109	1,079	6,188
Expenses						
Policyholder benefits and claims	681	1,131	1	1,813	69	1,882
Interest credited to policyholder account balances	740	138	—	878	(125)	753
Goodwill impairment	—	—	—	—	—	—
Capitalization of DAC	(931)	(6)	(41)	(978)	—	(978)
Amortization of DAC and VOBA	563	3	4	570	326	896
Interest expense on debt	—	—	50	50	279	329
Other expenses	1,792	33	125	1,950	20	1,970
Total expenses	2,845	1,299	139	4,283	569	4,852
Provision for income tax expense (benefit)	145	134	(40)	239	176	415
Operating earnings	$ 265	$ 250	$ 72	587		
Adjustments to:						
Total revenues				1,079		
Total expenses				(569)		
Provision for income tax (expense) benefit				(176)		
Net income (loss)				$ 921		$ 921

The following table presents total assets with respect to the Company's segments, as well as Corporate & Other, at:

	September 30, 2012	December 31, 2011
	(In millions)	
Retail	$ 133,572	$ 120,810
Corporate Benefit Funding	33,875	30,836
Corporate & Other	16,212	19,418
Total	$ 183,659	$ 171,064

Net investment income is based upon the actual results of each segment's specifically identifiable asset portfolio adjusted for allocated equity. Other costs are allocated to each of the segments based upon: (i) a review of the nature of such costs; (ii) time studies analyzing the amount of employee compensation costs incurred by each segment; and (iii) cost estimates included in the Company's product pricing.

13. Related Party Transactions

Service Agreements

The Company has entered into various agreements with affiliates for services necessary to conduct its activities. Typical services provided under these agreements include management, policy administrative functions, personnel, investment advice and distribution services. For certain agreements, charges are based on various performance measures or activity-based costing. The bases for such charges are modified and adjusted by management when necessary or appropriate to reflect fairly and equitably the actual incidence of cost incurred by the Company and/or affiliate. The aforementioned expenses and fees incurred with affiliates were comprised of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	(In millions)			
Compensation	$ 83	$ 65	$ 258	$ 192
Commissions	129	319	420	745
Volume-related costs	48	56	181	165
Professional services	6	5	16	14
Rent	9	7	26	19
Other	86	77	322	228
Total other expenses	$ 361	$ 529	$ 1,223	$ 1,363

Revenues received from affiliates related to these agreements were recorded as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	(In millions)			
Universal life and investment-type product policy fees	$ 46	$ 37	$ 132	$ 106
Other revenues	$ 43	$ 35	$ 123	$ 100

The Company had net receivables from affiliates of $57 million and $93 million at September 30, 2012 and December 31, 2011, respectively, related to the items discussed above. These amounts exclude affiliated reinsurance balances discussed below. See Note 3 for expenses related to investment advice under these agreements, recorded in net investment income.

Reinsurance Transactions

The Company has reinsurance agreements with certain MetLife subsidiaries, including MLIC, MetLife Reinsurance Company of South Carolina, Exeter, General American Life Insurance Company, MetLife Investors Insurance Company and MetLife Reinsurance Company of Vermont, all of which are related parties.

Information regarding the effect of affiliated reinsurance included in the interim condensed consolidated statements of operations and comprehensive income was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	(In millions)			
Premiums:				
Reinsurance assumed	$ 4	$ 2	$ 10	$ 6
Reinsurance ceded	(126)	(89)	(323)	(198)
Net premiums	$ (122)	$ (87)	$ (313)	$ (192)
Universal life and investment-type product policy fees:				
Reinsurance assumed	$ 22	$ 29	$ 66	$ 72
Reinsurance ceded	(101)	(115)	(306)	(303)
Net universal life and investment-type product policy fees	$ (79)	$ (86)	$ (240)	$ (231)
Other revenues:				
Reinsurance assumed	$ -	$ -	$ -	$ -
Reinsurance ceded	79	71	213	229
Net other revenues	$ 79	$ 71	$ 213	$ 229
Policyholder benefits and claims:				
Reinsurance assumed	$ 5	$ 5	$ 11	$ 17
Reinsurance ceded	(174)	(165)	(494)	(393)
Net policyholder benefits and claims	$ (169)	$ (160)	$ (483)	$ (376)
Interest credited to policyholder account balances:				
Reinsurance assumed	$ 18	$ 17	$ 53	$ 50
Reinsurance ceded	(27)	(23)	(79)	(60)
Net interest credited to policyholder account balances	$ (9)	$ (6)	$ (26)	$ (10)
Other expenses:				
Reinsurance assumed	$ 7	$ 16	$ 28	$ 44
Reinsurance ceded	28	40	126	122
Net other expenses	$ 35	$ 56	$ 154	$ 166

Information regarding the effect of affiliated reinsurance included in the interim condensed consolidated balance sheets was as follows at:

	September 30, 2012		December 31, 2011	
	Assumed	Ceded	Assumed	Ceded
	(In millions)			
Assets:				
Premiums, reinsurance and other receivables	$ 35	$ 12,536	$ 34	$ 12,345
Deferred policy acquisition costs and value of business acquired	123	(631)	134	(585)
Total assets	$ 158	$ 11,905	$ 168	$ 11,760
Liabilities:				
Future policy benefits	$ 47	$ -	$ 44	$ -
Other policy-related balances	1,566	836	1,515	758
Other liabilities	13	4,409	10	3,903
Total liabilities	$ 1,626	$ 5,245	$ 1,569	$ 4,661

The Company ceded risks to affiliates related to guaranteed minimum benefit guarantees written directly by the Company. These ceded reinsurance agreements contain embedded derivatives and changes in their fair value are also included within net derivative gains (losses). The embedded derivatives associated with the cessions are included within premiums, reinsurance and other receivables and were assets of $2.6 billion and $2.8 billion at September 30, 2012 and December 31, 2011, respectively. Net derivative gains (losses) associated with the embedded derivatives were ($344) million and ($357) million for the three months and nine months ended September 30, 2012, respectively, and $2.1 billion and $1.9 billion for the three months and nine months ended September 30, 2011, respectively.

MLI-USA cedes two blocks of business to an affiliate on a 90% coinsurance with funds withheld basis. Certain contractual features of this agreement qualify as embedded derivatives, which are separately accounted for at estimated fair value on the Company's consolidated balance sheets. The embedded derivative related to the funds withheld associated with this reinsurance agreement is included within other liabilities and increased the funds withheld balance by $602 million and $416 million at September 30, 2012 and December 31, 2011, respectively. Net derivative gains (losses) associated with the embedded derivatives were ($37) million and ($186) million for the three months and nine months ended September 30, 2012, respectively, and ($365) million and ($390) million for the three months and nine months ended September 30, 2011, respectively.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

For purposes of this discussion, "MICC," the "Company," "we," "our" and "us" refer to MetLife Insurance Company of Connecticut, a Connecticut corporation incorporated in 1863, and its subsidiaries, including MetLife Investors USA Insurance Company ("MLI-USA"). MetLife Insurance Company of Connecticut is a wholly-owned subsidiary of MetLife, Inc. ("MetLife"). Management's narrative analysis of the results of operations is presented pursuant to General Instruction H(2)(a) of Form 10-Q. This discussion should be read in conjunction with MetLife Insurance Company of Connecticut's Annual Report on Form 10-K for the year ended December 31, 2011, as revised by MetLife Insurance Company of Connecticut's Current Report on Form 8-K filed with the U.S. Securities and Exchange Commission on May 31, 2012 (as revised, the "2011 Annual Report"), the forward-looking statement information included below, the "Risk Factors" set forth in Part II, Item 1A, and the additional risk factors referred to therein, and the Company's interim condensed consolidated financial statements included elsewhere herein.

This narrative analysis may contain or incorporate by reference information that includes or is based upon forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give expectations or forecasts of future events. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They use words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe" and other words and terms of similar meaning in connection with a discussion of future operating or financial performance. In particular, these include statements relating to future actions, prospective services or products, future performance or results of current and anticipated services or products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, trends in operations and financial results. Any or all forward-looking statements may turn out to be wrong. Actual results could differ materially from those expressed or implied in the forward-looking statements. See "Note Regarding Forward-Looking Statements."

The following discussion includes references to our performance measure, operating earnings, that is not based on accounting principles generally accepted in the United States of America ("GAAP"). Operating earnings is the measure of segment profit or loss we use to evaluate segment performance and allocate resources. Consistent with GAAP accounting guidance for segment reporting, operating earnings is our measure of segment performance.

Operating earnings is defined as operating revenues less operating expenses, both net of income tax.

Operating revenues excludes net investment gains (losses) and net derivative gains (losses). Operating expenses excludes goodwill impairments.

The following additional adjustments are made to GAAP revenues, in the line items indicated, in calculating operating revenues:

- Universal life and investment-type product policy fees excludes the amortization of unearned revenue related to net investment gains (losses) and net derivative gains (losses) and certain variable annuity guaranteed minimum income benefits ("GMIB") fees ("GMIB Fees"); and

- Net investment income: (i) includes amounts for scheduled periodic settlement payments and amortization of premium on derivatives that are hedges of investments but do not qualify for hedge accounting treatment, (ii) excludes certain amounts related to contractholder-directed unit-linked investments, and (iii) excludes certain amounts related to securitization entities that are variable interest entities ("VIEs") consolidated under GAAP.

The following additional adjustments are made to GAAP expenses, in the line items indicated, in calculating operating expenses:

- Policyholder benefits and claims excludes: (i) amounts associated with periodic crediting rate adjustments based on the total return of a contractually referenced pool of assets, (ii) benefits and hedging costs related to GMIBs ("GMIB Costs"), and (iii) market value adjustments associated with surrenders or terminations of contracts ("Market Value Adjustments");

- Interest credited to policyholder account balances includes adjustments for scheduled periodic settlement payments and amortization of premium on derivatives that are hedges of policyholder account balances ("PABs") but do not qualify for hedge accounting treatment and excludes amounts related to net investment income earned on contractholder-directed unit-linked investments;

- Amortization of deferred policy acquisition costs ("DAC") and value of business acquired ("VOBA") excludes amounts related to: (i) net investment gains (losses) and net derivative gains (losses), (ii) GMIB Fees and GMIB Costs, and (iii) Market Value Adjustments;

- Interest expense on debt excludes certain amounts related to securitization entities that are VIEs consolidated under GAAP; and

- Other expenses excludes costs related to implementation of new insurance regulatory requirements and acquisition and integration costs.

We believe the presentation of operating earnings, as we measure it for management purposes, enhances the understanding of our performance by highlighting the results of operations and the underlying profitability drivers of our business. Operating revenues, operating expenses and operating earnings should not be viewed as substitutes for the following financial measures calculated in accordance with GAAP: GAAP revenues, GAAP expenses and GAAP net income, respectively. Reconciliations of these measures to the most directly comparable GAAP measures are included in "— Results of Operations."

In this discussion, we sometimes refer to sales activity for various products. These sales statistics do not correspond to revenues under GAAP, but are used as relevant measures of business activity.

Business

As announced in November 2011, MetLife reorganized its business into three broad geographic regions. As a result, in the first quarter of 2012, MICC reorganized into two segments: Retail and Corporate Benefit Funding. As anticipated, in the third quarter of 2012, MetLife and the Company continued to realign certain products and businesses among its existing segments to better conform to the way they manage and assess their respective business as noted below. As a result, MICC's non-medical health business, which is comprised of individual disability income products, previously reported in Corporate & Other is now reported in the Retail segment. Management continues to evaluate the Company's segment performance and allocated resources and may adjust such measurements in the future to better reflect segment profitability.

Retail. Our Retail segment offers a broad range of protection products and a variety of annuities primarily to individuals, and is organized into two businesses: Annuities and Life & Other. Annuities include a variety of variable and fixed annuities which provide for both asset accumulation and asset distribution needs. Our Life & Other insurance products and services include variable life, universal life, term life and whole life products, as well as individual disability income products. Additionally, through our broker-dealer affiliates, we offer a full range of mutual funds and other securities products.

Corporate Benefit Funding. Our Corporate Benefit Funding segment offers a broad range of annuity and investment products, including guaranteed interest products and other stable value products, income annuities, and separate account contracts for the investment management of defined benefit and defined contribution plan assets. This segment also includes certain products to fund company-, bank- or trust-owned life insurance used to finance non-qualified benefit programs for executives.

In addition, the Company reports certain of its results of operations in Corporate & Other. Corporate & Other contains the excess capital not allocated to the segments, run-off business, the Company's ancillary international operations, interest expense related to the majority of the Company's outstanding debt, expenses associated with certain legal proceedings and income tax audit issues. Corporate & Other also includes the elimination of intersegment amounts.

As discussed above, in the third quarter of 2012, as anticipated as part of the November 2011 reorganization, management realigned certain individual disability income products and began reporting such product results in the Retail segment. As a result of the first quarter segment reorganization, these results had been reported in Corporate & Other. In accordance with the third quarter 2012 realignment, prior period operating earnings for the Retail segment increased by $0, net of $1 million of income tax, and $2 million, net of $2 million of income tax, with a corresponding decrease in Corporate & Other, for the three months and nine months ended September 30, 2011, respectively.

In the first quarter of 2012, the Company adopted new guidance regarding accounting for DAC. See Note 1 of the Notes to the Interim Condensed Consolidated Financial Statements for further information. As a result, prior period results have been revised in connection with MetLife's and the Company's reorganization and the retrospective application of the first quarter 2012 adoption of new guidance regarding accounting for DAC.

Summary of Critical Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to adopt accounting policies and make estimates and assumptions that affect amounts reported in the Interim Condensed Consolidated Financial Statements. The most critical estimates include those used in determining:

(i) estimated fair values of investments in the absence of quoted market values;

(ii) investment impairments;

(iii) estimated fair values of freestanding derivatives and the recognition and estimated fair value of embedded derivatives requiring bifurcation;

(iv) capitalization and amortization of DAC and the establishment and amortization of VOBA;

(v) measurement of goodwill and related impairment;

(vi) liabilities for future policyholder benefits and the accounting for reinsurance;

(vii) measurement of income taxes and the valuation of deferred tax assets; and

(viii) liabilities for litigation and regulatory matters.

In applying the Company's accounting policies, we make subjective and complex judgments that frequently require estimates about matters that are inherently uncertain. Many of these policies, estimates and related judgments are common in the insurance and financial services industries; others are specific to the Company's business and operations. Actual results could differ from these estimates.

The above critical accounting estimates are described in “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Summary of Critical Accounting Estimates” and Note 1 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report. Critical accounting estimate updates relating to goodwill are discussed below.

DAC

For a discussion of the new accounting guidance on DAC, see Note 1 of the Notes to the Interim Condensed Consolidated Financial Statements.

Goodwill

Goodwill is tested for impairment at least annually or more frequently if events or circumstances, such as adverse changes in the business climate, indicate that there may be justification for conducting an interim test.

For purposes of goodwill impairment testing, if the carrying value of a reporting unit exceeds its estimated fair value, the implied fair value of the reporting unit goodwill is compared to the carrying value of that goodwill to measure the amount of impairment loss, if any. In such instances, the implied fair value of the goodwill is determined in the same manner as the amount of goodwill that would be determined in a business acquisition. The key inputs, judgments and assumptions necessary in determining estimated fair value of the reporting units include projected operating earnings, current book value, the level of economic capital required to support the mix of business, long-term growth rates, comparative market multiples, the account value of in-force business, projections of new and renewal business, as well as margins on such business, the level of interest rates, credit spreads, equity market levels, and the discount rate that we believe is appropriate for the respective reporting unit. The estimated fair values of the Retail Annuities and Retail Life reporting units are particularly sensitive to interest rate and equity market levels.

In the third quarter of 2012, the Company performed its annual goodwill impairment test on its Retail Annuities reporting unit based upon data at June 30, 2012. The Company utilized an actuarial appraisal approach, which estimates the net worth of the reporting unit, the value of existing business and the value of new business. This appraisal resulted in a fair value of the Retail Annuities reporting unit less than the carrying value, indicating a potential for goodwill impairment. The actuarial appraisal reflected the expected market impact to a buyer of changes in the regulatory environment, continued low interest rates for an extended period of time, and other market and economic factors. Specifically, in July 2012, the Department of Financial Services initiated an inquiry into the use of captive or off-shore reinsurers, strategies many market participants have used for capital efficiency on variable annuity products; the National Association of Insurance Commissioners has also been studying the use of captives. See “Risk Factors — Our Insurance and Brokerage Businesses Are Highly Regulated, and Changes in Regulation and in Supervisory and Enforcement Policies May Reduce Our Profitability and Limit Our Growth” and “Risk Factors — Our Statutory Reserve Financings May Be Subject to Cost Increases and New Financings May Be Subject to Limited Market Capacity.” Additionally, in the third quarter of 2012, the Federal Reserve announced that it anticipated that low interest rates are likely to be warranted at least through mid-2015, extending the time horizon from previous announcements. In July 2012, the 10-year U.S. Treasury rate was at its lowest point since the 1940’s. Finally, also in the third quarter of 2012, Moody’s Investors Service changed its outlook for the U.S. life insurance industry to negative from stable, stating it expects interest rates to remain in the low single digits for the next few years. As a result, the Company performed Step 2 of the goodwill impairment process, which compares the implied fair value of the reporting unit’s goodwill with its carrying value. This analysis indicated that the recorded goodwill associated with this reporting unit was not recoverable. Therefore, the Company recorded a non-cash charge of $394 million ($147 million, net of income tax) for the impairment of the entire goodwill balance that is reported in goodwill impairment in the interim condensed consolidated statements of operations and comprehensive income for both the three months and nine months ended September 30, 2012.

In addition, the Company performed its annual goodwill impairment tests of its other reporting units during the third quarter of 2012 using a market multiple valuation, discounted cash flow valuation, and/or actuarial appraisal approach based upon data at June 30, 2012 and concluded that the fair values of all reporting units were in excess of their carrying values and, therefore, goodwill was not impaired.

As anticipated, in the third quarter of 2012, the Company continued to realign certain products and businesses among its existing segments. As a result, beginning in the third quarter of 2012, the Retail Life reporting unit was integrated with other products and businesses. The amount of goodwill allocated to the Retail Life & Other reporting unit was approximately $57 million as of September 30, 2012. As a result of the realignment during the third quarter, the Company performed an analysis to identify all reporting units under the revised structure. Based on a qualitative assessment performed, the Company concluded that at September 30, 2012 there were no indicators of a scenario in which it was more likely than not that any reporting units had a carrying value that exceeded fair value, and thus, no further impairment analysis was performed. On an ongoing basis, we evaluate potential triggering events that may affect the estimated fair value of our reporting units to assess whether any goodwill impairment exists.

We apply significant judgment when determining the estimated fair value of our reporting units and when assessing the relationship of market capitalization to the aggregate estimated fair value of our reporting units. The valuation methodologies utilized are subject to key judgments and assumptions that are sensitive to change. Estimates of fair value are inherently uncertain and represent only management's reasonable expectation regarding future developments. These estimates and the judgments and assumptions upon which the estimates are based will, in all likelihood, differ in some respects from actual future results. Declines in the estimated fair value of our reporting units could result in goodwill impairments in future periods which could materially adversely affect our results of operations or financial position. See "Risk Factors — If Our Business Does Not Perform Well, We May Be Required to Recognize an Impairment of Our Goodwill or Other Long-Lived Assets or to Establish a Valuation Allowance Against the Deferred Income Tax Asset, Which Could Adversely Affect Our Results of Operations or Financial Condition" included in the 2011 Annual Report.

See Note 7 of the Notes to the Interim Condensed Consolidated Financial Statements for additional information on the Company's goodwill.

Economic Capital

Economic capital is an internally developed risk capital model, the purpose of which is to measure the risk in the business and to provide a basis upon which capital is deployed. The economic capital model accounts for the unique and specific nature of the risks inherent in MetLife's business.

MetLife's economic capital model aligns segment allocated equity with emerging standards and consistent risk principles. Segment net investment income is credited or charged based on the level of allocated equity; however, changes in allocated equity do not impact the Company's consolidated net investment income, operating earnings or net income.

Disposition

See Note 2 of the Notes to the Interim Condensed Consolidated Financial Statements.

Results of Operations

Nine Months Ended September 30, 2012 Compared with the Nine Months Ended September 30, 2011

Consolidated Results

We have experienced growth and an increase in sales, specifically, in our variable and universal life businesses. Pension closeout sales in the United Kingdom remain strong; however, premiums decreased $218 million, before income tax, due to a significant sale in the prior period. While premiums for this business were almost entirely offset by the related change in policyholder benefits, the positive net cash flows from strong sales contributed to the growth in our investment portfolio. Sales of annuities declined $6.3 billion, before income tax, or 41% compared to the prior period, in response to actions taken to manage sales volume as we focus on pricing discipline and risk management in this challenging economic environment.

	Nine Months Ended September 30,			
	2012	2011	Change	% Change
	(In millions)			
Revenues				
Premiums	$ 1,070	$ 1,261	$ (191)	(15.1)%
Universal life and investment-type product policy fees	1,691	1,435	256	17.8 %
Net investment income	2,223	2,232	(9)	(0.4)%
Other revenues	385	384	1	0.3 %
Net investment gains (losses)	79	17	62	
Net derivative gains (losses)	45	859	(814)	(94.8)%
Total revenues	5,493	6,188	(695)	(11.2)%
Expenses				
Policyholder benefits and claims	1,775	1,882	(107)	(5.7)%
Interest credited to policyholder account balances	882	753	129	17.1 %
Goodwill impairment	394	—	394	
Capitalization of DAC	(691)	(978)	287	29.3 %
Amortization of DAC and VOBA	639	896	(257)	(28.7)%
Interest expense on debt	176	329	(153)	(46.5)%
Other expenses	1,767	1,970	(203)	(10.3)%
Total expenses	4,942	4,852	90	1.9 %
Income (loss) before provision for income tax	551	1,336	(785)	(58.8)%
Provision for income tax expense (benefit)	38	415	(377)	(90.8)%
Net income	$ 513	$ 921	$ (408)	(44.3)%

During the nine months ended September 30, 2012, income (loss) before provision for income tax, decreased $785 million ($408 million, net of income tax) from the prior period primarily driven by an unfavorable change in net derivative gains (losses) and goodwill impairment charge in the current period. A $151 million increase in operating earnings partially offset these declines.

We manage our investment portfolio using disciplined Asset/Liability Management principles, focusing on cash flow and duration to support our current and future liabilities. Our intent is to match the timing and amount of liability cash outflows with invested assets that have cash inflows of comparable timing and amount, while optimizing, risk-adjusted net investment income and risk-adjusted total return. Our investment portfolio is heavily weighted toward fixed income investments, with over 80% of our portfolio invested in fixed maturity securities and mortgage loans. These securities and loans have varying maturities and other characteristics which cause them to be generally well suited for matching the cash flow and duration of insurance liabilities. Other invested asset classes including, but not limited to, equity securities, other limited partnership interests and real estate and real estate joint ventures, provide additional diversification and opportunity for long-term yield enhancement in addition to supporting the cash flow and duration objectives of our investment portfolio. We also use derivatives as an integral part of our management of the investment portfolio to hedge certain risks, including changes in interest rates, foreign currency exchange rates, credit spreads and equity market levels. Additional considerations for our investment portfolio include current and expected market conditions and expectations for changes within our specific mix of products and business segments. In addition, the general account investment portfolio included, within other securities, contractholder-directed unit-linked investments supporting variable annuity type liabilities, which did not qualify as separate account assets. The returns on these contractholder-directed unit-linked investments, which can vary significantly period to period, included changes in estimated fair value subsequent to purchase, inure to contractholders and are offset in earnings by a corresponding change in PABs through interest credited to policyholder account balances. During June 2012, the Company disposed of MetLife Europe Limited, which held these contractholder-directed unit-linked investments.

The composition of the investment portfolio of each business segment is tailored to the specific characteristics of its insurance liabilities, causing certain portfolios to be shorter in duration and others to be longer in duration. Accordingly, certain portfolios are more heavily weighted in longer duration, higher yielding fixed maturity securities, or certain sub-sectors of fixed maturity securities, than other portfolios.

Investments are purchased to support our insurance liabilities and not to generate net investment gains and losses. However, net investment gains and losses are incurred and can change significantly from period to period due to changes in external influences, including changes in market factors such as interest rates, foreign currency exchange rates, credit spreads and equity markets; counterparty specific factors such as financial performance, credit rating and collateral valuation; and internal factors such as portfolio rebalancing. Changes in these factors from period to period can significantly impact the levels of both impairments and realized gains and losses on investments sold.

We use freestanding interest rate, equity, credit and currency derivatives to hedge certain invested assets and insurance liabilities. Certain of these hedges are designated and qualify as accounting hedges, which reduce volatility in earnings. For those hedges not designated as accounting hedges, changes in market factors lead to the recognition of fair value changes in net derivative gains (losses) generally without an offsetting gain or loss recognized in earnings for the item being hedged.

Certain direct or assumed variable annuity products with minimum benefit guarantees contain embedded derivatives that are measured at estimated fair value separately from the host variable annuity contract, with changes in estimated fair value recorded in net derivative gains (losses). The Company hedges certain of the market risks inherent in these variable annuity guarantees through a combination of reinsurance and freestanding derivatives. Ceded reinsurance of direct or assumed variable annuity products with minimum benefit guarantees generally contain embedded derivatives that are measured at estimated fair value separately from the host variable annuity contract, with changes in estimated fair value recorded in net derivative gains (losses). The valuation of these embedded derivatives includes a nonperformance risk adjustment, which is unhedged, and can be a significant driver of net derivative gains (losses) but does not have an economic impact on the Company.

Direct, assumed, and ceded variable annuity embedded derivatives and the associated freestanding derivative hedges are collectively referred to as "VA program derivatives" in the following table. All other derivatives that are economic hedges of certain invested assets and insurance liabilities are referred to as "non-VA program derivatives" in the following table. The table below presents the impact on net derivative gains (losses) from non-VA program derivatives and VA program derivatives:

	Nine Months Ended September 30,		
	2012	2011	Change
	(In millions)		
Non-VA program derivatives			
Interest rate	$ (34)	$ 412	$ (446)
Foreign currency	(15)	6	(21)
Credit	41	(14)	55
Non-VA program embedded derivatives	(6)	(1)	(5)
Total non-VA program derivatives	(14)	403	(417)
VA program derivatives			
Embedded derivatives-direct/assumed guarantees:			
Market and other risks	818	(1,859)	2,677
Nonperformance risk	(212)	391	(603)
Total	606	(1,468)	2,074
Embedded derivatives-ceded reinsurance:			
Market and other risks	(571)	2,102	(2,673)
Nonperformance risk	241	(519)	760
Total	(330)	1,583	(1,913)
Freestanding derivatives hedging direct/assumed embedded derivatives	(217)	341	(558)
Total VA program derivatives	59	456	(397)
Net derivative gains (losses)	$ 45	$ 859	$ (814)

The unfavorable change in net derivative gains (losses) on non-VA program derivatives was $417 million ($271 million, net of income tax). This was primarily due to interest rates decreasing less in the current period than in the prior period, unfavorably impacting receive-fixed interest rate swaps and long interest rate floors, and due to decreasing forward U.K. inflation rates unfavorably impacting receive-float inflation swaps. These freestanding derivatives are primarily hedging interest rate risk in long duration liability portfolios and inflation-indexed liabilities. Because certain of these hedging strategies are not designated or do not qualify as accounting hedges, the changes in the estimated fair value of these freestanding derivatives are recognized in net derivative gains (losses) without an offsetting gain or loss recognized in earnings for the item being hedged.

The unfavorable change in net derivative gains (losses) on VA program derivatives was $397 million ($258 million, net of income tax). This was due to an unfavorable change of $554 million ($360 million, net of income tax) related to market and other risks on direct and assumed variable annuity embedded derivatives, net of the impact of market and other risks on the ceded reinsurance embedded derivatives and net of freestanding derivatives hedging these risks; partially offset by a net favorable change of $157 million ($102 million, net of income tax) related to the changes in the nonperformance risk adjustment on the direct, assumed, and ceded variable annuity embedded derivatives.

Generally, a higher portion of the ceded reinsurance for GMIBs is accounted for as an embedded derivative as compared to the direct guarantees since the settlement provisions of the reinsurance contracts generally meet the accounting criteria of "net settlement." This mismatch in accounting can lead to significant volatility in earnings, even though the risks inherent in these direct guarantees are fully covered by the ceded reinsurance.

The foregoing unfavorable change of $554 million ($360 million, net of income tax) was primarily driven by changes in market factors. As discussed in the preceding paragraph, changes in market and other risks lead to volatility in earnings due to the mismatch in accounting on GMIBs. The primary changes in market factors are summarized as follows:

- Equity index levels improved in the current period and decreased in the prior period, and equity volatility decreased in the current period but was mixed in the prior period. These changes contributed to an unfavorable change in our ceded reinsurance assets and our freestanding derivatives, and favorable changes in our direct and assumed embedded derivatives.

- Long-term interest rates decreased less in the current period than in the prior period and contributed to an unfavorable change in our ceded reinsurance asset and our freestanding derivatives, and a favorable change in our direct and assumed embedded derivatives.

The favorable change in net investment gains of $62 million ($40 million, net of income tax) was primarily due to lower net gains on sales of fixed maturity securities and equity securities.

In addition, the current period includes a $394 million ($147 million, net of income tax) non-cash charge for goodwill impairment associated with our U.S. retail annuities business.

Income tax expense for the nine months ended September 30, 2012 was $38 million, or 7% of income (loss) before provision for income tax, compared with income tax expense of $415 million, or 31% of income (loss) before provision for income tax, for the prior period. The Company's 2012 and 2011 effective tax rates differ from the U.S. statutory rate of 35% primarily due to the impact of certain permanent tax differences, including non-taxable investment income and tax credits for investments in low income housing, in relation to income (loss) before provision for income tax. In addition, as previously mentioned, the current period includes a $394 million ($147 million, net of income tax) non-cash charge for goodwill impairment. The tax benefit associated with this charge is $247 million on the associated tax goodwill.

As more fully described in the discussion of performance measures above, we use operating earnings, which does not equate to net income, as determined in accordance with GAAP, to analyze our performance, evaluate segment performance, and allocate resources. We believe that the presentation of operating earnings, as we measure it for management purposes, enhances the understanding of our performance by highlighting the results of operations and the underlying profitability drivers of the business. Operating earnings should not be viewed as a substitute for GAAP net income. Operating earnings increased $151 million, net of income tax, to $738 million, net of income tax, for the nine months ended September 30, 2012 from $587 million, net of income tax, in the prior period.

Reconciliation of net income to operating earnings

	Nine Months Ended September 30,	
	2012	2011
	(In millions)	
Net income	$ 513	$ 921
Less: Net investment gains (losses)	79	17
Less: Net derivative gains (losses)	45	859
Less: Goodwill impairment	(394)	—
Less: Other adjustments to net income (1)	(211)	(366)
Less: Provision for income tax (expense) benefit	256	(176)
Operating earnings	$ 738	$ 587

(1) See definitions of operating revenues and operating expenses for the components of such adjustments.

Reconciliation of GAAP revenues to operating revenues and GAAP expenses to operating expenses

	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
	(In millions)	
Total revenues	$ 5,493	$ 6,188
Less: Net investment gains (losses)	79	17
Less: Net derivative gains (losses)	45	859
Less: Adjustments related to net investment gains (losses) and net derivative gains (losses)	(1)	10
Less: Other adjustments to revenues (1)	184	193
Total operating revenues	$ 5,186	$ 5,109
Total expenses	$ 4,942	$ 4,852
Less: Adjustments related to net investment gains (losses) and net derivative gains (losses)	81	329
Less: Goodwill impairment	394	—
Less: Other adjustments to expenses (1)	313	240
Total operating expenses	$ 4,154	$ 4,283

(1) See definitions of operating revenues and operating expenses for the components of such adjustments.

Consolidated Results – Operating

	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011	Change	% Change
		(In millions)		
OPERATING REVENUES				
Premiums	$ 1,070	$ 1,261	$ (191)	(15.1)%
Universal life and investment-type product policy fees	1,592	1,346	246	18.3 %
Net investment income	2,139	2,118	21	1.0 %
Other revenues	385	384	1	0.3 %
Total operating revenues	5,186	5,109	77	1.5 %
OPERATING EXPENSES				
Policyholder benefits and claims	1,632	1,813	(181)	(10.0)%
Interest credited to policyholder account balances	838	878	(40)	(4.6)%
Capitalization of DAC	(691)	(978)	287	29.3 %
Amortization of DAC and VOBA	562	570	(8)	(1.4)%
Interest expense on debt	51	50	1	2.0 %
Other expenses	1,762	1,950	(188)	(9.6)%
Total operating expenses	4,154	4,283	(129)	(3.0)%
Provision for income tax expense (benefit)	294	239	55	23.0 %
Operating earnings	$ 738	$ 587	$ 151	25.7 %

Unless otherwise stated, all amounts discussed below are net of income tax.

The $151 million increase in operating earnings was primarily driven by growth in most of our businesses, which increased our policy fees, and favorable mortality experience.

Positive net cash flows, generated from the majority of our businesses, were the primary driver of increases in both invested assets and separate account assets. This growth in separate account assets, in turn, generated an increase in operating earnings of $139 million, primarily from higher policy fees and other revenues from our annuity and variable and universal life businesses. Policy fees are calculated as a percentage of the average assets in separate accounts. In addition to positive net cash flows, invested assets increased from higher collateral posted by our derivative counterparties, which, combined, generated higher net investment earnings of $29 million. Consistent with the increase in invested assets, the growth in insurance liabilities resulted in higher interest credited on long-duration contracts and on our PABs, which resulted in a decrease in operating earnings of $16 million. Reduced annuity sales in the current period resulted in lower DAC capitalization, which was offset by a decline in deferrable expenses. However, strong annuity sales in the prior period significantly increased our in-force business which contributed to an increase in non-deferrable expenses of $65 million.

We experienced favorable mortality primarily in our variable and universal life business, which improved operating earnings by $33 million. The aforementioned business growth, combined with favorable market impacts, resulted in a $5 million decrease in DAC amortization. In our annuity business, DAC amortization decreased $18 million driven by improved equity markets in the current year combined with accelerated amortization in 2011 due to less favorable investment markets, while growth in our life and pension businesses resulted in a $13 million increase in DAC amortization.

Favorable equity market performance increased our average separate account balances, triggering an increase in policy fees and other revenues, most notably in our annuity business, resulting in a $21 million increase in operating earnings. Lower returns on our private equity investments, the results of which are generally reported on a three month lag, combined with the negative impact of the low interest rate environment on our mortgage loans, securities lending program, and fixed maturity securities, were partially offset by higher returns on real estate joint ventures and improved earnings on interest rate derivatives, which contributed to a $15 million decrease in operating earnings. As a result of the decline in interest rates, average interest credited rates on annuity fixed rate funds declined, increasing operating earnings by $8 million.

In the prior period, the Company incurred $17 million of expenses related to the liquidation plan filed by the New York State Department of Financial Services for Executive Life Insurance Company of New York. This was almost entirely offset by a $25 million increase in affiliated reinsurance-related expenses.

The Company benefited from the impact of certain permanent tax differences, including non-taxable investment income and tax credits for investments in low income housing. As a result, our effective tax rates differ from the U.S. statutory rate of 35%. In the first nine months of 2012, we benefited primarily from higher utilization of tax preferenced investments, which improved operating earnings by $17 million over the prior period.

Adoption of New Accounting Pronouncements

See Note 1 of the Notes to the Interim Condensed Consolidated Financial Statements.

Future Adoption of New Accounting Pronouncements

See Note 1 of the Notes to the Interim Condensed Consolidated Financial Statements.

Item 4. Controls and Procedures

Management, with the participation of the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as defined in Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act"), as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective.

There were no changes to the Company's internal control over financial reporting as defined in Exchange Act Rule 15d-15(f) during the quarter ended September 30, 2012 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II — Other Information

Item 1. Legal Proceedings

The following should be read in conjunction with (i) Part I, Item 3, of MetLife Insurance Company of Connecticut's Annual Report on Form 10-K for the year ended December 31, 2011, as revised by MetLife Insurance Company of Connecticut's Current Report on Form 8-K filed with the U.S. Securities and Exchange Commission ("SEC") on May 31, 2012 (as revised, the "2011 Annual Report"); (ii) Part II, Item 1, of MetLife Insurance Company of Connecticut's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2012 and June 30, 2012, and (iii) Note 9 of the Notes to the Interim Condensed Consolidated Financial Statements in Part I of this report.

Sales Practices Claims

Over the past several years, the Company has faced claims, including class action lawsuits, alleging improper marketing or sales of individual life insurance policies, annuities, mutual funds or other products. Some of the current cases seek substantial damages, including punitive and treble damages and attorneys' fees. The Company continues to vigorously defend against the claims in these matters. The Company believes adequate provision has been made in its consolidated financial statements for all probable and reasonably estimable losses for sales practices matters.

Connecticut General Life Insurance Company and MetLife Insurance Company of Connecticut engaged in an arbitration proceeding to determine whether MetLife Insurance Company of Connecticut is owed money from Connecticut General Life Insurance Company or is required to refund several million dollars it collected and/or should stop submitting certain claims under reinsurance contracts in which Connecticut General Life Insurance Company reinsured death benefits payable under certain MetLife Insurance Company of Connecticut annuities. The arbitration panel issued an interim final award, dated August 28, 2012, which states that MetLife Insurance Company of Connecticut shall pay Connecticut General $11,369,675 in damages incurred through the second quarter of 2011 to be offset against $7,028,955 in claims due to MetLife Insurance Company of Connecticut through the fourth quarter of 2011. As a result of the award, a reinsurance recoverable of over $7 million will be reduced and the parties will take steps to reconcile damage claims with respect to the issues between the parties. The award also will lead MetLife Insurance Company of Connecticut to stop submitting certain claims under the reinsurance contracts.

Summary

Various litigation, claims and assessments against the Company, in addition to those discussed previously and those otherwise provided for in the Company's consolidated financial statements, have arisen in the course of the Company's business, including, but not limited to, in connection with its activities as an insurer, employer, investor, investment advisor and taxpayer. Further, state insurance regulatory authorities and other federal and state authorities regularly make inquiries and conduct investigations concerning the Company's compliance with applicable insurance and other laws and regulations.

It is not possible to predict the ultimate outcome of all pending investigations and legal proceedings. In some of the matters referred to previously, large and/or indeterminate amounts, including punitive and treble damages, are sought. Although, in light of these considerations it is possible that an adverse outcome in certain cases could have a material effect upon the Company's financial position, based on information currently known by the Company's management, in its opinion, the outcomes of such pending investigations and legal proceedings are not likely to have such an effect. However, given the large and/or indeterminate amounts sought in certain of these matters and the inherent unpredictability of litigation, it is possible that an adverse outcome in certain matters could, from time to time, have a material effect on the Company's consolidated net income or cash flows in particular quarterly or annual periods.

Item 1A. Risk Factors

The following, together with the information under "Risk Factors" in Part II, Item 1A, of MetLife Insurance Company of Connecticut's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2012 and June 30, 2012, which is incorporated herein by reference, should be read in conjunction with, and supplements and amends, the factors that may affect the Company's business or operations described under "Risk Factors" in Part I, Item 1A, of the 2011 Annual Report.

Our Insurance and Brokerage Businesses Are Highly Regulated, and Changes in Regulation and in Supervisory and Enforcement Policies May Reduce Our Profitability and Limit Our Growth

Insurance Regulation. Our insurance operations are subject to a wide variety of insurance and other laws and regulations. See "Business — Regulation — Insurance Regulation" included in the 2011 Annual Report. State insurance laws regulate most aspects of our U.S. insurance businesses, and our U.S. insurance companies are regulated by the insurance regulators of the states in which they are domiciled and the states in which they are licensed.

State laws in the U.S. grant insurance regulatory and other state authorities broad administrative powers with respect to, among other things:

- licensing companies and agents to transact business;
- calculating the value of assets to determine compliance with statutory requirements;
- mandating certain insurance benefits;
- regulating certain premium rates;
- reviewing and approving policy forms;
- regulating unfair trade and claims practices, including through the imposition of restrictions on marketing and sales practices, distribution arrangements and payment of inducements, and identifying and paying to the states benefits and other property that is not claimed by the owners;
- regulating advertising;
- protecting privacy;
- establishing statutory capital and reserve requirements and solvency standards;
- fixing maximum interest rates on insurance policy loans and minimum rates for guaranteed crediting rates on life insurance policies and annuity contracts;
- approving changes in control of insurance companies;
- restricting the payment of dividends and other transactions between affiliates; and
- regulating the types, amounts and valuation of investments.

State insurance guaranty associations have the right to assess insurance companies doing business in their state for funds to help pay the obligations of insolvent insurance companies to policyholders and claimants. Because the amount and timing of an assessment is beyond our control, the liabilities that we have currently established for these potential liabilities may not be adequate. See "Business — Regulation — Insurance Regulation — Guaranty Associations and Similar Arrangements" included in the 2011 Annual Report.

State insurance regulators and the National Association of Insurance Commissioners ("NAIC") regularly re-examine existing laws and regulations applicable to insurance companies and their products. Changes in these laws and regulations, or in interpretations thereof, that are made for the benefit of the consumer sometimes lead to additional expense for the insurer and, thus, could have a material adverse effect on our financial condition and results of operations. In July 2012, our New York domestic insurer affiliates received, as part of an industry-wide inquiry, a request from the New York Department of Financial Services (the "Department of Financial Services") to provide information regarding their use of affiliated captive reinsurers or off-shore entities to reinsure insurance risks. Our New York domestic insurer affiliates responded to this request. The NAIC is also studying the use of captive reinsurers. Like many life insurance companies, we, and certain of our subsidiaries and affiliates, utilize captive reinsurers in order to comply with certain reserve requirements related to universal life and term life insurance policies. We, and certain of our subsidiaries and affiliates, also use captives to aggregate variable annuity risk under a single legal entity which allow us to consolidate hedging and other risk management programs. As a result, reserves and capital for this business get transferred to the captives, subject to appropriate collateral. The financing arrangements with the captive reinsurers support non-economic reserves, representing reserves required by regulation but above estimates of needed economic reserves. It is possible that other state insurance departments could make similar inquiries. If the insurance regulators in Connecticut or Delaware determine to restrict the use of captive reinsurers for purposes of funding reserve requirements related to universal life and term life insurance policies, it could impair our ability to write such products or require us to increase prices on such products unless alternate reserve funding solutions are found.

U.S. Federal Regulation Affecting Insurance. Currently, the U.S. federal government does not directly regulate the business of insurance. However, the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") allows federal regulators to compel state insurance regulators to liquidate an insolvent insurer under some circumstances if the state regulators have not acted within a specific period. The Board of Governors of the Federal Reserve System (the "Federal Reserve Board") has also proposed that it be given authority to compel insurance companies to take prompt corrective action in certain circumstances if they are part of a large bank holding company or of a company that has been designated by the Financial Stability Oversight Council ("FSOC") as a non-bank systemically important financial institution ("non-bank SIFI"). Dodd-Frank also establishes the Federal Insurance Office within the Department of the Treasury, which has the authority to participate in the negotiations of international insurance agreements with foreign regulators for the U.S., as well as to collect information about the insurance industry and recommend prudential standards. While not having a general supervisory or regulatory authority over the business of insurance, the director of this office will perform various functions with respect to insurance, including serving as a non-voting member of the FSOC and making recommendations to the FSOC regarding insurers to be designated for more stringent regulation. The director is also required to submit a report to Congress regarding how to modernize and improve the system of insurance regulation in the United States, including by increasing national uniformity through either a federal charter or effective action by the states.

Federal legislation and administrative policies in several areas can significantly and adversely affect insurance companies. These areas include financial services regulation, securities regulation, derivatives regulation, mortgage regulation, pension regulation, health care regulation, privacy, tort reform legislation and taxation. In addition, various forms of direct and indirect federal regulation of insurance have been proposed from time to time, including proposals for the establishment of an optional federal charter for insurance companies. Other aspects of our insurance operations could also be affected by Dodd-Frank. For example, effective July 21, 2012, Dodd-Frank imposes prohibitions on Federal Deposit Insurance Corporation ("FDIC")-insured depository institutions (such as MetLife Bank, National Association ("MetLife Bank")) and their affiliates from engaging in proprietary trading or sponsoring or investing in hedge funds or private equity funds (commonly known as the

Volcker Rule). In December 2011, MetLife Bank and MetLife, Inc. ("MetLife") entered into a definitive agreement to sell most of the depository business of MetLife Bank. Upon completion of the sale, MetLife Bank would take the remaining administrative steps with the FDIC to terminate its deposit insurance and MetLife would deregister as a bank holding company. If and when MetLife Bank's FDIC insurance is terminated, MetLife and its affiliates will not be subject to the bans on proprietary trading and fund activities under the Volcker Rule. However, because the Volcker Rule nevertheless imposes additional capital requirements and quantitative limits on such trading and activities by a non-bank SIFI, MetLife and its affiliates could be subject to such requirements and limits were they to be designated non-bank SIFIs. Regulations defining and governing such requirements and limits on non-bank SIFIs have not been proposed. Commencing from the date of designation, a non-bank SIFI will have a two-year period, subject to further extension by the Federal Reserve Board, to conform to any such requirements and limits. Subject to safety and soundness determinations as part of rulemaking that could require additional capital requirements and quantitative limits, Dodd-Frank provides that the exemptions under the Volcker Rule also are available to exempt any additional capital requirements and quantitative limits on non-bank SIFIs. See "Business — Regulation — Dodd-Frank and Other Legislative and Regulatory Developments — Volcker Rule" included in the 2011 Annual Report.

Regulation of Brokers and Dealers. Dodd-Frank also authorizes the SEC to establish a standard of conduct applicable to brokers and dealers when providing personalized investment advice to retail and other customers. This standard of conduct would be to act in the best interest of the customer without regard to the financial or other interest of the broker or dealer providing the advice. See "Business — Regulation — Securities, Broker-Dealer and Investment Adviser Regulation" and "Risk Factors — Changes in U.S. Federal and State Securities Laws and Regulations, and State Insurance Regulations Regarding Suitability of Annuity Product Sales, May Affect Our Operations and Our Profitability" included in the 2011 Annual Report.

International Regulation. Our international insurance operations are principally regulated by insurance regulatory authorities in the jurisdictions in which they are located or operate. The authority of our international operations to conduct business is subject to licensing requirements, permits and approvals and these authorizations are subject to modification and revocation. See "Risk Factors — Our International Operations Face Political, Legal, Operational and Other Risks, Including Exposure to Local and Regional Economic Conditions, That Could Negatively Affect Those Operations or Our Profitability" and "Business – Regulation" included in the 2011 Annual Report.

Summary. From time to time, regulators raise issues during examinations or audits of MetLife's regulated subsidiaries that could, if determined adversely, have a material impact on us. We cannot predict whether or when regulatory actions may be taken that could adversely affect our operations. In addition, the interpretations of regulations by regulators may change and statutes may be enacted with retroactive impact, particularly in areas such as accounting or statutory reserve requirements. We are also subject to other regulations and may in the future become subject to additional regulations. See "Business — Regulation" included in the 2011 Annual Report.

Compliance with applicable laws and regulations is time consuming and personnel-intensive, and changes in these laws and regulations may materially increase our direct and indirect compliance and other expenses of doing business, thus having a material adverse effect on our financial condition and results of operations.

As a Bank Holding Company and Financial Holding Company, MetLife is Subject to Regulation by the Federal Reserve, Including Risk-Based and Leverage Capital Guidelines, Which May Adversely Affect Our Competitive Position

Currently, as the owner of MetLife Bank, MetLife is regulated as a bank holding company and financial holding company by the Federal Reserve Board and the Federal Reserve Bank of New York (collectively the "Federal Reserve"). In December 2011, MetLife Bank and MetLife entered into a definitive agreement to sell most of the depository business of MetLife Bank to GE Capital Bank. In September 2012, this agreement was amended to provide that MetLife Bank's depository business would be assumed by GE Capital Retail Bank. The transaction is subject to the receipt of regulatory approval from the Office of the Comptroller of the Currency (the “OCC”) and to the satisfaction of other customary closing conditions. Upon completion of the sale, MetLife Bank would take the remaining administrative steps with the FDIC to terminate its deposit insurance and MetLife would deregister as a bank holding company. Upon completion of the foregoing, MetLife will no longer be regulated as a bank holding company or subject to enhanced supervision and prudential standards as a bank holding company with assets of $50 billion or more.

However, if, in the future, the FSOC designates MetLife as a non-bank SIFI (as discussed below), it would once again be subject to regulation by the Federal Reserve and enhanced supervision and prudential standards, such as Regulation YY and the requirements relating to resolution planning and (when adopted) credit exposure reporting. For information regarding Regulation YY, see “Risk Factors — Various Aspects of Dodd-Frank Could Impact Our Business Operations, Capital Requirements and Profitability and Limit Our Growth” included in the 2011 Annual Report. Regulation of MetLife as a bank holding company or possibly as a non-bank SIFI could affect our business. For example, enhanced capital requirements applicable to MetLife may adversely affect our ability to compete with other insurers that are not subject to those requirements, and counterparty exposure limits may affect our ability to engage in hedging activities. In addition, it could give the Federal Reserve Board the right to require that any of our insurance companies, or insurance company affiliates, take prompt action to correct any financial weaknesses.

In April 2012, the FSOC adopted final rules setting forth the process it will follow and the criteria it will use to assess whether a non-bank financial company should be subject to enhanced supervision by the Federal Reserve as a non-bank SIFI. The FSOC will follow a three-stage process. In Stage 1, a set of uniform quantitative metrics will be applied to a broad group of non-bank financial companies in order to identify non-bank financial companies for further evaluation. If a non-bank financial company meets the total consolidated assets threshold and at least one of the other five quantitative thresholds used in the first stage, the FSOC will continue with two stages of further analysis using additional sources of data and qualitative and quantitative factors. MetLife is currently a bank holding company and, as a result, it is not subject to designation as a non-bank SIFI. However, if MetLife succeeds in deregistering as a bank holding company, it could be considered for designation as a non-bank SIFI. See “Business — Regulation — Regulation of MetLife as a Bank Holding Company” included in the 2011 Annual Report.

Capital. MetLife is subject to risk-based and leverage capital guidelines issued by the federal banking regulatory agencies for banks and bank and financial holding companies which may adversely affect our ability to compete with other insurers that are not subject to those requirements. The federal banking regulatory agencies are required by law to take specific prompt corrective actions with respect to institutions that do not meet minimum capital standards. As a bank holding company with more than $50 billion in assets, MetLife is subject to capital planning requirements administered by the Federal Reserve, including the Federal Reserve’s capital plan rule which requires MetLife to submit annual capital plans which include projections of MetLife’s capital levels under baseline and stress scenarios over a nine-quarter period. The Federal Reserve will approve or object to a company’s proposed capital actions, such as dividends and stock repurchases, based on the results of those capital plans and the Federal Reserve’s assessment of the robustness of the company’s capital planning processes. In addition, in recent years, the Federal Reserve has conducted its own assessment of bank holding companies’ internal capital planning processes, capital adequacy and proposed capital distributions. MetLife participated in the assessment conducted by the Federal Reserve in 2012, the Comprehensive Capital Analysis and Review. Based on its assessment, the Federal Reserve objected to the incremental capital actions described in MetLife’s capital distribution plan, which included a proposed stock repurchase and dividend increase. In September 2012, the Federal Reserve Board granted MetLife an extension of time until January 5, 2013 to resubmit its capital plan under the capital plans rule. If MetLife remains a bank holding company, or if it is designated a non-bank SIFI and is required to submit capital plans to the Federal Reserve in the future, there can be no assurance that the Federal Reserve will approve its future capital plans. Also, In October 2012, the Federal Reserve Board issued a final rule implementing the stress testing requirements that it had earlier proposed as part of Regulation YY. The rule will require bank holding companies with $50 billion or more of assets and non-bank SIFIs to undergo three stress tests each year: an annual supervisory stress test conducted by the Federal Reserve Board and two company-run stress tests (an annual test which coincides with the timing of the supervisory stress test, and a mid-cycle test). Companies will be required to take the results of the stress tests into consideration in their annual capital planning and resolution and recovery planning. Capital planning requirements could have the effect, in practice, of increasing the amounts of capital held by companies subject to the requirements, including MetLife, which could affect their competitive position.

If it remains a bank holding company, MetLife may become required to comply with further requirements relating to the calculation of capital, commonly referred to as "Basel II," as well as increased capital and liquidity requirements (commonly referred to as "Basel III") for bank holding companies. In June 2012, the OCC, the Federal Reserve Board and the FDIC published three notices of proposed rulemaking that would revise and replace the agencies' current capital rules with rules consistent with (i) the final rules for increased capital and liquidity requirements for bank holding companies, such as MetLife, of Basel III, as well as the applicable sections of Dodd-Frank, (ii) a series of revisions adopted by the Basel Committee on Banking Supervision to the market risk capital requirements for exposures in a banking organization's trading book (Basel II.5), and (iii) the market risk capital requirements of Basel II. It is possible that even more stringent capital and liquidity requirements could be imposed if, in the future, MetLife is designated by the FSOC as a non-bank SIFI. Certain of our international operations could also be affected by Solvency II, a new capital adequacy regime for the European insurance industry.

Changes in Market Interest Rates May Significantly Affect Our Profitability

Some of our products, principally traditional whole life insurance, fixed annuities and guaranteed interest contracts, expose us to the risk that changes in interest rates will reduce our investment margin or "spread," or the difference between the amounts that we are required to pay under the contracts in our general account and the rate of return we are able to earn on general account investments intended to support obligations under the contracts. Our spread is a key component of our net income.

As interest rates decrease or remain at low levels, we may be forced to reinvest proceeds from investments that have matured or have been prepaid or sold at lower yields, reducing our investment margin. Moreover, borrowers may prepay or redeem the fixed income securities, commercial or agricultural mortgage loans and mortgage-backed securities in our investment portfolio with greater frequency in order to borrow at lower market rates, which exacerbates this risk. Lowering interest crediting rates can help offset decreases in investment margins on some products. However, our ability to lower these rates could be limited by competition or contractually guaranteed minimum rates and may not match the timing or magnitude of changes in asset yields. As a result, our spread could decrease or potentially become negative. Our expectation for future spreads is an important component in the amortization of deferred policy acquisition costs ("DAC") and value of business acquired ("VOBA"), and significantly lower spreads may cause us to accelerate amortization, thereby reducing net income in the affected reporting period. In addition, during periods of declining interest rates, life insurance and annuity products may be relatively more attractive investments to consumers, resulting in increased premium payments on products with flexible premium features, repayment of policy loans and increased persistency, or a higher percentage of insurance policies remaining in force from year to year, during a period when our new investments carry lower returns. A decline in market interest rates could also reduce our return on investments that do not support particular policy obligations. During periods of sustained lower interest rates, policy liabilities may not be sufficient to meet future policy obligations and may need to be strengthened. Accordingly, declining and sustained lower interest rates may materially affect our results of operations, financial position and cash flows and significantly reduce our profitability.

In September 2012, the Federal Reserve Board announced that it anticipates that low interest rates are likely to be warranted at least through mid-2015, in order to improve the pace of recovery from stressed economic conditions. It also announced that it will expand its holdings of longer-term securities with open-ended purchases of $40 billion each month of agency mortgage-backed securities. Finally, it reiterated its plan to continue "Operation Twist" through the end of 2012. This program, announced in September 2011 by the Federal Open Market Committee, involves the purchase of U.S. Treasury securities with remaining maturities of six to 30 years and the sale of, over the same period, an equal par value of U.S. Treasury securities with remaining maturities of approximately three years or less. By reducing the supply of longer-term securities in the market, both of these programs are intended to put downward pressure on longer-term interest rates relative to levels that would otherwise prevail. The reduction in longer-term interest rates, in turn, is intended to contribute to a broad easing of financial market conditions that could provide additional stimulus to support the economic recovery. We cannot predict with certainty the effect of these asset purchase programs on interest rates or the impact on the pricing levels of risk-bearing investments at this time. See "Risk Factors – Governmental and Regulatory Actions for the Purpose of Stabilizing and Revitalizing the Financial Markets and Protecting Investors and Consumers May Not Achieve the Intended Effect or Could Adversely Affect Our Competitive Position" included in the 2011 Annual Report.

Increases in market interest rates could also negatively affect our profitability. In periods of rapidly increasing interest rates, we may not be able to replace, in a timely manner, the investments in our general account with higher yielding investments needed to fund the higher crediting rates necessary to keep interest sensitive products competitive. We, therefore, may have to accept a lower spread and, thus, lower profitability or face a decline in sales and greater loss of existing contracts and related assets. In addition, policy loans, surrenders and withdrawals may tend to increase as policyholders seek investments with higher perceived returns as interest rates rise. This process may result in cash outflows requiring that we sell investments at a time when the prices of those investments are adversely affected by the increase in market interest rates, which may result in realized investment losses. Unanticipated withdrawals and terminations may cause us to accelerate the amortization of DAC and VOBA, which reduces net income. An increase in market interest rates could also have a material adverse effect on the value of our investment portfolio, for example, by decreasing the estimated fair values of the fixed income securities that comprise a substantial portion of our investment portfolio. Finally, an increase in interest rates could result in decreased fee income associated with a decline in the value of variable annuity account balances invested in fixed income funds.

Our Statutory Reserve Financings May Be Subject to Cost Increases and New Financings May Be Subject to Limited Market Capacity

To support statutory reserves for several products, including, but not limited to, our level premium term life and universal life with secondary guarantees, we currently utilize capital markets solutions for financing a portion of our statutory reserve requirements.

Future capacity for these statutory reserve funding structures in the marketplace is not guaranteed. Currently, the use of captive reinsurers is being studied by the Department of Financial Services and the NAIC. See "— Our Insurance and Brokerage Businesses Are Highly Regulated, and Changes in Regulation in Supervisory and Enforcement Policies May Reduce Our Profitability and Limit Our Growth." It is possible that other state insurance departments could make similar inquiries. If the insurance regulators in Connecticut or Delaware determine to restrict the use of captive reinsurers for purposes of funding reserve requirements or capacity in the capital markets otherwise becomes unavailable for a prolonged period of time, hindering our ability to obtain funding for these new structures, our ability to write additional business in a cost effective manner may be impacted.

Litigation and Regulatory Investigations Are Increasingly Common in Our Businesses and May Result in Significant Financial Losses and/or Harm to Our Reputation

We face a significant risk of litigation and regulatory investigations and actions in the ordinary course of operating our businesses, including the risk of class action lawsuits. Our pending legal and regulatory actions include proceedings specific to us and others generally applicable to business practices in the industries in which we operate. In connection with our insurance operations, plaintiffs' lawyers may bring or are bringing class actions and individual suits alleging, among other things, issues relating to sales or underwriting practices, claims payments and procedures, product design, disclosure, administration, denial or delay of benefits and breaches of fiduciary or other duties to customers. Plaintiffs in class action and other lawsuits against us may seek very large and/or indeterminate amounts, including punitive and treble damages. Modern pleading practice in the U.S. and other countries permits considerable variation in the assertion of money damages or other relief. This variability in pleadings, together with our actual experience in litigating or resolving through settlement numerous claims over an extended period of time, demonstrates to management that the monetary relief which may be specified in a lawsuit or claim bears little relevance to its merits or disposition value. See Note 9 of the Notes to the Interim Condensed Consolidated Financial Statements.

Due to the vagaries of litigation, the outcome of a litigation matter and the amount or range of potential loss at particular points in time may normally be difficult to ascertain. Uncertainties can include how fact finders will evaluate documentary evidence and the credibility and effectiveness of witness testimony, and how trial and appellate courts will apply the law in the context of the pleadings or evidence presented, whether by motion practice, or at trial or on appeal. Disposition valuations are also subject to the uncertainty of how opposing parties and their counsel will themselves view the relevant evidence and applicable law.

We establish liabilities for litigation and regulatory loss contingencies when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Liabilities have been established for a number of matters noted in Note 9 of the Notes to the Interim Condensed Consolidated Financial Statements. It is possible that some of the matters could require us to pay damages or make other expenditures or establish accruals in amounts that could not be estimated at September 30, 2012.

Over the past several years, we have faced claims, including class action lawsuits, alleging improper marketing or sales of individual life insurance policies, annuities, mutual funds or other products. See Note 9 of the Notes to the Interim Condensed Consolidated Financial Statements for information regarding sales practices claims.

We are also subject to various regulatory inquiries, such as information requests, subpoenas and books and record examinations, from state and federal regulators and other authorities. A substantial legal liability or a significant regulatory action against us could have a material adverse effect on our business, financial condition and results of operations. Moreover, even if we ultimately prevail in the litigation, regulatory action or investigation, we could suffer significant reputational harm, which could have a material adverse effect on our business, financial condition and results of operations, including our ability to attract new customers, retain our current customers and recruit and retain employees.

In April 2012, MetLife, for itself and on behalf of entities including MetLife Insurance Company of Connecticut, reached agreements with representatives of the U.S. jurisdictions that were conducting audits of MetLife and certain of its affiliates for compliance with unclaimed property laws, and with state insurance regulators directly involved in a multistate targeted market conduct examination relating to claim-payment practices and compliance with unclaimed property laws. The effectiveness of each agreement was conditioned upon the approval of a specified number of jurisdictions. In each case, the threshold for effectiveness has been reached. Pursuant to the agreements, MetLife will, among other things, take specified action to identify liabilities under life insurance, annuity, and retained asset contracts, to adopt specified procedures for seeking to contact and pay owners of the identified liabilities, and, to the extent that it is unable to locate such owners, to escheat these amounts with interest at a specified rate to the appropriate states. It is possible that other jurisdictions may pursue similar exams or audits and that such exams or audits may result in additional payments to beneficiaries, additional escheatment of funds deemed abandoned under state laws, administrative penalties, interest, and/or further changes to our procedures. See Note 9 of the Notes to the Interim Condensed Consolidated Financial Statements for more information regarding unclaimed property inquiries and related litigation.

We cannot give assurance that current claims, litigation, unasserted claims probable of assertion, investigations and other proceedings against us will not have a material adverse effect on our business, financial condition or results of operations. It is also possible that related or unrelated claims, litigation, unasserted claims probable of assertion, investigations and proceedings may be commenced in the future, and we could become subject to further investigations and have lawsuits filed or enforcement actions initiated against us. Increased regulatory scrutiny and any resulting investigations or proceedings could result in new legal actions and precedents and industry-wide regulations that could adversely affect our business, financial condition and results of operations.

Item 6. Exhibits

(Note Regarding Reliance on Statements in Our Contracts: *In reviewing the agreements included as exhibits to this Quarterly Report on Form 10-Q, please remember that they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about MetLife Insurance Company of Connecticut and its subsidiaries, or the other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and (i) should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate; (ii) have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement; (iii) may apply standards of materiality in a way that is different from what may be viewed as material to investors; and (iv) were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments. Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about MetLife Insurance Company of Connecticut and its subsidiaries may be found elsewhere in this Quarterly Report on Form 10-Q and MetLife Insurance Company of Connecticut's other public filings, which are available without charge through the SEC's website at www.sec.gov.)*

Exhibit No.	Description
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

METLIFE INSURANCE COMPANY OF CONNECTICUT

By: /s/ Peter M. Carlson

Name: Peter M. Carlson
Title: Executive Vice President, Finance
Operations and Chief Accounting Officer
(Authorized Signatory and Principal Accounting Officer)

Date: November 13, 2012

Exhibit Index

*(**Note Regarding Reliance on Statements in Our Contracts:** In reviewing the agreements included as exhibits to this Quarterly Report on Form 10-Q, please remember that they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about MetLife Insurance Company of Connecticut and its subsidiaries, or the other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and (i) should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate; (ii) have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement; (iii) may apply standards of materiality in a way that is different from what may be viewed as material to investors; and (iv) were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments. Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about MetLife Insurance Company of Connecticut and its subsidiaries may be found elsewhere in this Quarterly Report on Form 10-Q and MetLife Insurance Company of Connecticut's other public filings, which are available without charge through the SEC's website at www.sec.gov.)*

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101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.

Exhibit 31.1

CERTIFICATIONS

I, Eric T. Steigerwalt, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MetLife Insurance Company of Connecticut;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 13, 2012

/s/ Eric T. Steigerwalt

Eric T. Steigerwalt
Chairman of the Board,
President and
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Stanley J. Talbi, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MetLife Insurance Company of Connecticut;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 13, 2012

/s/ Stanley J. Talbi

Stanley J. Talbi
Executive Vice President and
Chief Financial Officer

Exhibit 32.1

SECTION 906 CERTIFICATION

CERTIFICATION PURSUANT TO SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF
THE UNITED STATES CODE

I, Eric T. Steigerwalt, certify that (i) MetLife Insurance Company of Connecticut's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of MetLife Insurance Company of Connecticut.

Date: November 13, 2012

/s/ Eric T. Steigerwalt

Eric T. Steigerwalt
Chairman of the Board, President and
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to MetLife Insurance Company of Connecticut and will be retained by MetLife Insurance Company of Connecticut and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

SECTION 906 CERTIFICATION

CERTIFICATION PURSUANT TO SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

I, Stanley J. Talbi, certify that (i) MetLife Insurance Company of Connecticut's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of MetLife Insurance Company of Connecticut.

Date: November 13, 2012

/s/ Stanley J. Talbi

Stanley J. Talbi
Executive Vice President and
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to MetLife Insurance Company of Connecticut and will be retained by MetLife Insurance Company of Connecticut and furnished to the Securities and Exchange Commission or its staff upon request.